

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1 {York Stenographic Services, Inc.}

2 RPTS MEYERS

3 HIF108.140

4 ``A FINANCIAL REVIEW OF THE DEPARTMENT OF HEALTH AND HUMAN

5 SERVICES AND ITS FISCAL YEAR 2014 BUDGET''

6 THURSDAY, APRIL 18, 2013

7 House of Representatives,

8 Subcommittee on Health

9 Committee on Energy and Commerce

10 Washington, D.C.

11 The subcommittee met, pursuant to call, at 10 a.m., in

12 Room 2123 of the Rayburn House Office Building, Hon. Joe

13 Pitts [Chairman of the Subcommittee] presiding.

14 Present: Representatives Pitts, Burgess, Murphy,

15 Gingrey, Lance, Cassidy, Guthrie, Griffith, Bilirakis,

16 Ellmers, Barton, Upton (ex officio), Pallone, Dingell, Engel,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

17 Capps, Schakowsky, Matheson, Green, Butterfield, Barrow,
18 Christensen, Castor, Sarbanes and Waxman (ex officio).
19 Staff present: Clay Alspach, Chief Counsel, Health;
20 Sean Bonyun, Communications Director; Matt Bravo,
21 Professional Staff Member; Brenda Destro, Professional Staff
22 Member, Health; Paul Edattel, Professional Staff Member,
23 Health; Steve Ferrara, Health Fellow; Julie Goon, Health
24 Policy Advisor; Debbie Hancock, Press Secretary; Sydne
25 Harwick, Legislative Clerk; Sean Hayes, Counsel, Oversight
26 and Investigations; Robert Horne, Professional Staff Member,
27 Health; Carly McWilliams, Professional Staff Member, Health;
28 Katie Novaria, Professional Staff Member, Health; John
29 O'Shea, Professional Staff Member, Health; Monica Popp,
30 Professional Staff Member, Health; Andrew Powaleny, Deputy
31 Press Secretary; Krista Rosenthal, Counsel to Chairman
32 Emeritus; Heidi Stirrup, Health Policy Coordinator; Lyn
33 Walker, Coordinator, Admin/Human Resources; Alli Corr,
34 Democratic Policy Analyst; Amy Hall, Democratic Senior
35 Professional Staff Member; Elizabeth Letter, Democratic
36 Assistant Press Secretary; Karen Nelson, Democratic Deputy
37 Committee Staff Director for Health; Anne Morris Reid,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

38 Democratic Professional Staff Member; and Matt Siegler,

39 Democratic Counsel.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|
40 Mr. {Pitts.} The time of 10 o'clock having arrived, the
41 subcommittee will come to order. The chair will recognize
42 himself for an opening statement.

43 First, I would like to thank Secretary Sebelius for
44 appearing before the subcommittee to discuss the
45 Administration's fiscal year 2014 budget request for the
46 Department of Health and Human Services.

47 While the budget request is 65 days late, and both the
48 House and Senate have already passed their respective budget
49 resolutions, it is still important that the country know what
50 the Administration's priorities are for the upcoming fiscal
51 year.

52 As implementation of the Affordable Care Act is now a
53 major item in the President's request, this hearing will
54 allow members to ask the Secretary questions about the law on
55 behalf of our constituents.

56 The law is simply not working as advertised. It was
57 sold to the American people as a job creator. The
58 Administration put forward an estimate that 4 million jobs
59 would be created. Instead, red tape and a new employer

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

60 mandate are discouraging companies from creating new full-
61 time jobs. In many instances, workers are seeing their hours
62 cut to part-time or only finding part-time jobs available.
63 Even the Federal Reserve has noted that the uncertainty being
64 created by the law is holding back hiring. I have personally
65 heard from constituents who have been harmed by the mandate.

66 When the government makes it more expensive and more
67 complex to hire workers, companies will hold back on hiring.
68 That is just a simple economic principle. However, that
69 doesn't seem to matter with many government regulators. The
70 law was sold as saving the American people money. Yet today,
71 wherever I go I hear from individuals and businesses facing
72 insurance premiums that are growing by double digits.

73 Now, you may say that this is because everyone is going
74 to have gold standard, government-approved insurance. Let me
75 remind you that the American people were told by the
76 President that each family would save \$2,500 a year. Now,
77 that wasn't a promise that came with a caveat. In fact, that
78 promise was made with a deadline that it would happen in the
79 first term. That first term is over, and the nonpartisan
80 PolitiFact rates that as a broken promise.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

81 Businesses and individuals are seeing their premiums
82 rise as a direct result of the law. I know that some may
83 shake their heads and wonder why Republicans don't just move
84 along and learn to tolerate the ACA. Well, we should not
85 tolerate a government law that makes it harder for our
86 constituents to find and keep a full-time job. Congress
87 should not tolerate regulations that drive up costs for
88 struggling businesses. Finally, we should not stand by and
89 watch Americans with preexisting conditions be left out of
90 the plan that was intended to give them coverage.

91 I will continue to look for ways to make health care
92 more affordable, more accessible and simpler for the American
93 people. While it might be best if we could start by
94 repealing the ACA, that law will not stop me and my
95 colleagues from proposing constructive health care reforms.

96 Madam Secretary, we hope that you will stay in order to
97 answer all of our questions, and, with only 5 minutes of
98 questions per member, we ask that you try to keep your
99 answers concise and to the point.

100 The constituents we hear from every day, including those
101 who are able to be here in the audience today, deserve

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

102 answers.

103 [The prepared statement of Mr. Pitts follows:]

104 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|
105 Mr. {Pitts.} Thank you, and I yield back and the chair
106 now recognizes the ranking member, Mr. Pallone, for 5 minutes
107 for his opening statement.

108 Mr. {Pallone.} Thank you, Chairman Pitts, and I want to
109 welcome Secretary Sebelius here this morning.

110 Before I address the Secretary, though, I do have to say
111 that I do not appreciate the comments about the ACA. I know
112 you are saying that you want constructive reforms but I think
113 that if the mantra of the Republican leadership is going to
114 continue to be that we have to repeal the ACA, it is going to
115 be very difficult in that poisoned atmosphere to talk about
116 constructive reforms, and the fact of the matter is that even
117 after the last November election, we continued to hear the
118 Republican leadership both on the committee as well as in the
119 full House speak out and say that their priority is repealing
120 the ACA, and of course, we see that in the Ryan budget that
121 passed the House, and too would like to move towards
122 constructive reforms in the health care system but this
123 constant notion that the priority is to repeal the ACA and
124 that that has to go and that is the most important thing that

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

125 we have to do for constructive reform. It really does poison
126 the atmosphere and makes it very difficult for us to sit down
127 on a bipartisan level and look at things that we could do
128 together. So I will just say that.

129 Today we are going to hear about the President's fiscal
130 year 2014 Health and Human Services budget proposal. I want
131 to commend Secretary Sebelius for your agency's hard work
132 this past year to implement the Affordable Care Act. Because
133 of these efforts, Americans are enjoying greater access to
134 health benefits, and I recognize the challenge your agency
135 faces in implementing this law with limited resources.

136 When the Affordable Care Act passed, we did not
137 anticipate that States would give up the opportunity to
138 tailor programs directly to their individual State's needs
139 and opt for federal exchanges, and I regret that my State,
140 New Jersey, is one of the 26 States that will rely on federal
141 exchanges rather than run its own. Again, I think this is
142 pure politics on the part of our Republican Governor, but
143 despite this, I urge the Administration to remain committed
144 to fully implementing the Affordable Care Act.

145 I was pleased to see the inclusion of increased funding

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

146 for access to mental health services to protect children and
147 communities in the fiscal year 2014 proposal. I said before,
148 it is time to focus more attention on improving mental health
149 services to make sure troubled kids don't fall through the
150 cracks, that the fiscal year 2014 budget proposal is an
151 important step towards making mental health issues a national
152 priority and adequately funding these efforts.

153 I also support the FDA's Food Facility Registration
154 Inspection fee and the Food Importer fee included in the
155 Administration's proposal. These fees will help ensure that
156 the FDA has the resources needed to fully implement the FDA
157 Food Safety Modernization Act, which of course originated in
158 this committee.

159 Along the same lines, I was pleased to see that the
160 budget proposal includes new user fees to support FDA's
161 Cosmetic Products program. Cosmetics are used extensively
162 throughout the United States by all types of people, and last
163 Congress I joined with my colleague, Mr. Dingell, to
164 introduce the Cosmetic Safety Enhancement Act of 2012 to help
165 address the lack of authority at FDA to regulate cosmetics.
166 Like the President's budget proposal, our bill included

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

167 facility registration fees to defray the costs of cosmetic
168 safety activities. So I hope we can work together on
169 modernizing the cosmetic regulations.

170 Before I conclude, I would like to note some concerns.
171 First, I am disappointed that the funding proposal for the
172 Children's Hospital Graduate Medical Education program is
173 only \$88 million, a two-thirds cut from the fiscal year 2012
174 level. Reducing the federal investment in pediatric will
175 only threaten the pediatric workforce and threaten access to
176 primary care. The small class of hospitals that receive this
177 funding, which includes the Children's Specialized Hospital
178 in my district, represents about 1 percent of hospitals
179 nationwide that trains approximately 40 percent of all
180 pediatricians. Underfunding this program would have a major
181 negative impact on access to primary care and a devastating
182 impact on access to specialty care for children.

183 And finally, I have long advocated for strengthening
184 Medicare and Social Security, and I am concerned that this
185 budget makes some hurtful cuts to the programs, and I really
186 would urge the Administration to do what they can to
187 strengthen Medicare and Social Security and move away from

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

188 some of the cuts that the President has proposed.

189 I know we are going to have more questions about the ACA
190 and some of the funding for implementing your outreach, and I
191 want to bring that up during my questions, but thank you,
192 Madam Secretary.

193 [The prepared statement of Mr. Pallone follows:]

194 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.

|
195 Mr. {Pitts.} The chair thanks the gentleman and now
196 recognizes the chairman of the full committee, the gentleman
197 from Michigan, Chairman Upton, for 5 minutes for his opening
198 statement.

199 The {Chairman.} Well, thank you, Mr. Chairman, and
200 knowing that we have votes on the Floor in about an hour, I
201 am going to yield back my time and submit my statement.

202 [The prepared statement of Mr. Upton follows:]

203 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|
204 Mr. {Pitts.} The chair thanks the gentleman and now
205 recognizes the ranking member of the full committee, Mr.
206 Waxman, for 5 minutes for his opening statement.

207 Mr. {Waxman.} Thank you very much, Mr. Chairman.
208 Despite the fact that we are going to have votes in an hour,
209 I want to make some comments welcoming Secretary Sebelius to
210 our committee. It has been a year since you have been here,
211 and it has been a productive and busy year, and I want to
212 commend you and your team for your tireless efforts on
213 implementing the Affordable Care Act.

214 It is difficult for most Americans to realize the
215 enormity of the task you and others at HHS are undertaking to
216 this law, but for the millions of uninsured in our country
217 and those for whom insurance fails to provide the security
218 and guarantees that they are looking for, there is certainly
219 appreciation for the difference this law will bring to their
220 lives as they now gain access to health care.

221 The President's budget, which is the topic of today's
222 hearing, includes key proposals to continue the journey
223 forward: additional funding for CMS to support health

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

224 insurance marketplaces, building the infrastructure needed to
225 ensure consumer protections and engagement, continuing
226 improvements in Medicare, and further investment in the
227 successful Health Care Fraud and Abuse Control program.

228 The President's budget also expedites the timeline for
229 closing the Medicare Part D donut hole, a provision that has
230 already brought critical relief, providing \$2.7 billion in
231 savings to beneficiaries in 2012 alone. The budget proposal
232 also recaptures rebates for dually eligible seniors, a
233 proposal that I have long supported, enabling us to capture
234 over \$120 billion in savings through better drug prices over
235 10 years. Those are the things that are major pluses, and I
236 support all of those effort in the President's budget.

237 I am concerned about some of the proposals in the
238 President's budget such as raising costs on Medicare
239 beneficiaries. I know that this is put in the context to be
240 part of a broader balanced package that includes both
241 spending cuts and increased revenues. However, Medicare
242 beneficiaries have lower incomes than younger Americans, more
243 chronic conditions and health care needs, and pay
244 significantly more out of pocket already. It makes little

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

245 sense to shift more burden on to their backs. Such policies
246 may inadvertently create barriers to appropriate care for
247 vulnerable seniors, and I hope we can continue a dialogue on
248 this issue.

249 I also have a number of concerns, and have heard from a
250 number of constituents, both providers and beneficiaries,
251 regarding the dual-eligible pilot programs, especially in
252 California. I hope I have your commitment to closely monitor
253 and evaluate these dual demonstrations to assure these
254 demonstrations for dual-eligibles, to assure protection of
255 our vulnerable seniors and people with disabilities.

256 I appreciate the Administration's continuing commitment
257 to public health. Specifically, I applaud the inclusion of
258 the proposal for food safety registration and inspection
259 fees, which will provide much-needed resources to support the
260 Food and Drug Administration's implementation of the Food
261 Safety Modernization Act of 2011. I hope we can work
262 together to get those critical fees enacted into law.

263 I am also pleased to see a strong investment in
264 biomedical and behavioral research at the NIH of and
265 continued support for the National HIV/AIDS Strategy,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

266 including through prevention, surveillance and treatment
267 activities at the Centers for Disease Control and Prevention
268 and Health Resources and Services Administration.

269 The proposals that continue our commitment to community-
270 based primary care, providing additional funding for
271 Community Health Centers and the Title X Family Planning
272 program, are also important.

273 And finally, as a Nation, we are appropriately focusing
274 more of our attention on the impact of gun violence in our
275 communities and the critical importance of promoting mental
276 health and the early detection and treatment of mental
277 illness. I appreciate the President's leadership on this and
278 am pleased that his budget reflects these priorities, by
279 expanding support for gun violence surveillance and research
280 at the CDC and proposing funding for both mental health
281 training in our communities and for additional mental health
282 professionals.

283 I would be remiss, though, if I didn't mention the need
284 to fully implement mental health parity. We are anxiously
285 awaiting the final rule on this important legislation, and I
286 appreciate your assistance in securing this.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

287 I certainly do appreciate your being here and look
288 forward to your testimony, and I yield back the balance of my
289 time.

290 [The prepared statement of Mr. Waxman follows:]

291 ***** COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.

|

292 Mr. {Pitts.} The chair thanks the gentleman. That
293 concludes the opening statements of the members. Thank you.
294 We have one panel today. Our distinguished witness is
295 the Honorable Kathleen Sebelius, Secretary, Department of
296 Health and Human Services. Madam Secretary, welcome again.
297 Thank you for coming today. You will have 5 minutes to
298 summarize your testimony, and your written testimony will be
299 placed in the record. Please make sure your microphone is
300 on. Please speak clearly into it. You may proceed.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|
301 ^STATEMENT OF HON. KATHLEEN SEBELIUS, SECRETARY, DEPARTMENT
302 OF HEALTH AND HUMAN SERVICES

303 } Secretary {Sebelius.} Well, thank you, Chairman Pitts
304 and Ranking Member Pallone and Ranking Member Waxman and
305 Chairman Upton for having me here this morning to discuss the
306 President's 2014 budget for the Department of Health and
307 Human Services.

308 This budget supports the overall goals of the
309 President's budget by strengthening our economy and promoting
310 middle-class job growth. It ensures that the American people
311 will continue to benefit from the Affordable Care Act, and it
312 provides much-needed support for mental health services.

313 The Affordable Care Act is already benefiting millions
314 of Americans, and our budget makes sure we can continue to
315 implement the law. By supporting the creation of new health
316 insurance marketplaces, the budget will ensure that starting
317 next January, Americans in every State will be able to get
318 quality health insurance at an affordable price.

319 Our budget also addresses another issue that has been on

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.

320 our minds recently: mental health services and the ongoing
321 epidemic of gun violence. While we know that the vast
322 majority of Americans who struggle with mental illness are
323 not violent, recent tragedies have reminded us of the
324 staggering toll that untreated mental illness can take on our
325 society. That is why our budget proposes a major new
326 investment to help ensure that students and young adults get
327 the mental health care they need including training 5,000
328 mental health professionals to join our behavioral health
329 workforce.

330 Our budget also supports the President's call to provide
331 every child in America with access to high-quality early
332 learning services. It proposes additional investments in new
333 early Head Start childcare partnerships, and it provides
334 additional support to raise the quality of childcare programs
335 and promote evidence-based home visiting for new parents.
336 Together, these investments will create long-lasting positive
337 outcomes for families and provide huge returns for children
338 and society at large.

339 Our budget also ensures that America remains a world
340 leader in health innovation. The significant new investments

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

341 in NIH will lead to new cures and treatments and help create
342 good jobs.

343 Our budget will further provide support for the
344 development and use of compatible electronic health records
345 systems that have huge potential for improving care
346 coordination and public health.

347 Even as the budget invests in the future, it also helps
348 reduce the long-term deficit by making sure that programs
349 like Medicare are put on a more stable fiscal trajectory.
350 Medicare spending per beneficiary grew at just 4/10ths of 1
351 percent in 2012, thanks in part to the \$800 billion in
352 savings already captured in the Affordable Care Act, and the
353 President's 2014 budget would achieve even more savings. For
354 example, the budget will allow low-income Medicare
355 beneficiaries to get their prescription drugs at the lower
356 Medicaid rates, resulting in savings of more than \$120
357 billion over the next 10 years. In total, this budget will
358 generate an additional \$371 billion in Medicare savings over
359 the next decade, on top of the savings already in the
360 Affordable Care Act.

361 To that same end, our budget also reflects our

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

362 commitment to aggressively reducing waste across our
363 department. We are proposing an increase in mandatory
364 funding for our health care fraud and abuse control program,
365 an initiative that saved taxpayers nearly \$8 for every \$1 we
366 spent on it last year. And we are investing in additional
367 efforts to reduce improper payments in Medicare, Medicaid and
368 CHIP, and to strengthen our Office of Inspector General.

369 This all adds up to a budget guided by this
370 Administration's north star of a thriving middle class that
371 will promote job growth and keep our economy strong in years
372 to come while also helping to reduce the long-term deficit.

373 Now, I know, Mr. Chairman, that many of you have
374 questions and I am happy to take those now. Thank you very
375 much.

376 [The prepared statement of Secretary Sebelius follows:]

377 ***** INSERT 1 *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

|
378 Mr. {Pitts.} The chair thanks the gentlelady for her
379 opening statement and will now begin questions from the
380 members, and I will begin the questioning and recognize
381 myself 5 minutes for that purpose.

382 Madam Secretary, the President promised that the ACA
383 would help to make health insurance cheaper for the American
384 people, but unfortunately, exactly the opposite is happening.
385 That is why one of the law's early supporters, the Roofers
386 Union, announced this week that they are now calling for the
387 law's repeals. I have a couple of guests here with us today.
388 Sam and Elaine Stoltzfus are constituents of mine. They are
389 owners of Keystone Wood Specialties in Lancaster,
390 Pennsylvania, and their company makes kitchen cabinets and
391 similar wood products, so Sam and Elaine, welcome. You can
392 identify yourself.

393 Sam recently wrote to me to say ``We are faced with a 25
394 percent increase in health care insurance for our employees
395 and have no idea of where the additional \$95,000 is coming
396 from. Help.''

397 Madam Secretary, can you tell us this morning what help

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

398 does the President's budget either through its implementation
399 of the ACA or other programs offer to Americans like Sam, and
400 tell us what changes you are proposing in the budget to help
401 Sam.

402 Secretary {Sebelius.} Well, Chairman Pitts, we intend
403 to complete the implementation of the Affordable Care Act
404 with the resources requested in this budget, and one of the
405 things that happens is the full implementation includes
406 marketplaces in every State in the country, so small business
407 owners, individuals who purchase health insurance in the
408 individual market will have competitive insurance for the
409 first time. Americans with preexisting health conditions
410 will not be locked out or priced out of the marketplace, and
411 there will be larger risk pools established in every State in
412 the country. As you know, insurance regulation remains under
413 State regulation. We are seeing nationally a trend that has
414 the lowest level of rate increases in the private market that
415 we have seen in over a decade, but the insurance marketplaces
416 are not fully implemented until January of 2014.

417 Mr. {Pitts.} Madam Secretary, the law passed with a
418 provision designed to help small businesses like Sam's, and I

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

419 am talking about the SHOP Act, but there is no funding, there
420 are no funding allocations for it in the President's budget.
421 Will that provision be able to help them come January 1,
422 2014?

423 Secretary {Sebelius.} Yes, sir. I have no idea your
424 constituent's size or what kind of employer market he may be
425 in, but the SHOP Act will be open in every State in--I mean
426 the SHOP market--excuse me--will be open in every State in
427 January of 2014. Employers will have an opinion to choose
428 among competitive plans in every State in 2014.

429 Mr. {Pitts.} Madam Secretary, did you not recently
430 announce a delay for implementation of exchanges for small
431 business until 2015?

432 Secretary {Sebelius.} No, sir. We--

433 Mr. {Pitts.} What did you do?

434 Secretary {Sebelius.} In the federal marketplaces in
435 the States where we will be running the market, the portions
436 of the SHOP market that will be delayed one year are
437 employers being able to offer their employees multiple plans
438 to choose from. Every employer will be able to choose from a
439 variety of plans and offer the plan of his or her choice to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

440 those employees, and the employers who qualify for the tax
441 credit because of the size of their workforce and the level
442 of the employee's income will also get a tax credit in the
443 SHOP market but it won't be until year two that that wider
444 employee choice will be available only in the federally
445 facilitated marketplaces. States may offer it starting in
446 2014.

447 Mr. {Pitts.} Madam Secretary, I also hear from
448 constituents who are being hurt by the ACA two or three times
449 a week. Mostly I hear from constituents who had their work
450 hours cut as companies try to avoid skyrocketing costs
451 imposed by the law. Just yesterday, it was reported that a
452 national movie chain with theaters in my district has cut
453 some employees' hours as they struggle to provide insurance
454 for full-time employees, and right now there are fewer
455 Americans working than at any time since 1979.

456 My constituents are looking for full-time jobs but the
457 ACA is making those jobs harder to come by. I have had
458 another constituent from Lancaster County who wrote recently
459 saying he retired last year after 26 years as a police
460 officer but still needs to work, and his hours have been cut.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

461 He can only now work 3-1/2 days a week. Basically he is
462 saying, and this is his quote, ``Obamacare limits me to
463 working 29 hours a week.'' Tell us what help the President's
464 fiscal year 2014 provides this man.

465 Secretary {Sebelius.} Well, Mr. Chairman, I don't have
466 any idea why the employers have restricted hours. There is
467 absolutely nothing in place in the Affordable Care Act in the
468 year 2013 that would impose any burden on an employer or have
469 him cut work hours. What we know is in 2014, there will be
470 new markets set up and an employer responsibility. Employers
471 who have 50 or more full-time workers or the equivalent of 50
472 or more full-time workers will be responsible for offering
473 health insurance to those employees, and what we know, Mr.
474 Chairman, is that 94 percent of employers in that market
475 right now offer health insurance but often pay 18 to 20
476 percent more than their large competitors because they are in
477 a very volatile and very expensive market. Creating
478 competitive options and choices for those employers is part
479 of what the Affordable Care Act is all about.

480 Mr. {Pitts.} Thank you, Madam Secretary. My time is
481 expired. The chair recognizes the ranking member, Mr.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

482 Pallone, 5 minutes for questions.

483 Mr. {Pallone.} Thank you, Mr. Chairman, but with all
484 respect, the Republican leadership on the committee as well
485 as in the House just rabidly attacks the ACA every day. It
486 has been going on for 3 years, actively trying to defund or
487 undermine its implementation. The chairman is asking
488 questions about no funding for small businesses and the
489 health exchange, but is the Republican leadership willing to
490 fund any of these things? I mean, I would be glad to provide
491 more funding in the budget or through the appropriations
492 process for implementation but I don't believe for one minute
493 I would get any support from the GOP. So, you know, it is a
494 little crazy to come here and say we should repeal the ACA,
495 we should defund the ACA, we should defund the ACA, we should
496 get rid of this and get rid of that and then at the same time
497 say oh, you know, you are not implementing because you are
498 not providing enough funding.

499 I mean, the same thing with jobs. The GOP is saying oh,
500 you know, there aren't any jobs. Well, the sequester, which
501 the President keeps putting out proposals every day to try to
502 eliminate and have some sort of sensible budget proposals

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

503 here is furloughing people left and right. I mean, in my
504 district, I don't care where it is, it is not just public
505 jobs, it is having an impact on the private sector as well.
506 So you can't come in here and say oh, you know, people are
507 working part time, meanwhile you support a sequester that
508 furloughs people all across the country, tens or hundreds of
509 thousands of people. Whatever.

510 You know, some Republicans, now of course they are
511 talking about the marketplaces and the exchanges won't be
512 ready in time and so I wanted you to talk, if you could,
513 about the status of implementation of the exchanges, which is
514 on everybody's mind and, you know, give you a chance to
515 update what progress you are making toward setting up the
516 exchanges and implementing them. But again, if you would
517 like to comment on the fact that Congress is not providing
518 enough funding for outreach, States like New Jersey that rely
519 on federal exchanges may get even less funding. So please
520 don't hesitate to say that if you are going to do outreach
521 and implement these things that you need money that we are
522 not giving you because we are not. I mean, that is the
523 reality, but whatever. I am obviously very frustrated. Go

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

524 ahead.

525 Secretary {Sebelius.} Well, Congressman, the budget
526 before you has a request for an additional \$1.5 billion in
527 implementation funding to fully set up marketplaces
528 throughout the country. We are definitely going to be open
529 for open enrollment in every State in the country starting
530 October 1, 2013, and we will be beginning plan years and
531 benefit years for individuals who currently either don't have
532 insurance or have expensive insurance or locked out or priced
533 out of the marketplace because of preexisting conditions
534 starting in January 2014.

535 We are very pleased that 31 States and the District of
536 Columbia are running all or part of their partnership
537 programs, marketplaces either in partnership with HHS or
538 doing it on their own. In the other States where the States
539 had opted not to be engaged or involved, we will be running
540 the marketplaces. We are setting up as we speak the federal
541 hub with the call center and outreach. The resources that we
542 had hoped to get in the Continuing Resolution deal with
543 outreach and education, a huge issue of or people to actually
544 understand what the reality is of the law, what benefits are

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

545 coming their way, what kind of choices they will have, but we
546 have reallocated some resources within the Department and
547 fully intend to give people the information and the facts
548 about the law as we move forward.

549 Mr. {Pallone.} Well, look, I think it is highly
550 unlikely that the House Republicans are going to give you
551 this money for outreach that you are asking for, but again,
552 they can't come back here and criticize if the outreach
553 doesn't occur if they are not funding it.

554 Let me ask a question about the GME, the Children's
555 Hospital Graduate Medical Education program. I see that the
556 White House is proposing \$88 million, which is one-third of
557 current funding. I don't think that is a good idea given the
558 struggles these hospitals have in training of pediatricians.
559 Wouldn't scaling back that program take us back to the same
560 flawed system we had in the past, and why would the
561 Administration seek to reverse the success we have had in
562 this area? You know, I always ask you about this, and you
563 don't have a lot of time here.

564 Secretary {Sebelius.} Congressman, the funding level
565 recognizes the direct costs of training pediatricians, an

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

566 incredibly important task that a lot of children's hospitals
567 engage in. What we don't have is the overhead and
568 administrative costs as part of that proposal, and in a
569 better budget time, we would have included both, but all of
570 the direct costs of the residency programs are included in
571 that budget recommendation.

572 Mr. {Pallone.} I am hoping that we on a bipartisan
573 basis, Mr. Chairman, can address that because I do think that
574 is one thing where Democrats and Republicans can come
575 together to avoid that cut.

576 Thank you, Madam Secretary.

577 Mr. {Pitts.} The chair thanks the gentleman and now
578 recognizes the chairman emeritus of the committee, Mr.
579 Barton, 5 minutes for questions.

580 Mr. {Barton.} I thank the chairman. I want to
581 apologize to the chairman and the ranking member and our
582 esteemed witness for not being here to hear the opening
583 treatment. We are always honored to have you, Madam
584 Secretary, and we look forward to dialog.

585 My staff and the committee staff encouraged me to tweet
586 and ask the American people for a question or two to ask you.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

587 I guess they decided that I wasn't up to it. I am not sure.
588 But in any event, we did it and these are two questions from
589 real people who I don't know. We had in the neighborhood of
590 100 tweet questions come back in. In the interests of
591 transparency, we thought we would give the American people an
592 opportunity to ask you a direct question or two. The first
593 one is a tweeter named @JoshMertz, and his question is--I
594 assume it is a he--`How is the typical small business going
595 to be able to comply with the thousands of pages of new
596 regulations that Obamacare requires? Where are these
597 business owners going to find the money to pay for the
598 compliance? Many of them expressed how they will have to
599 hire new administrative personnel and spend countless hours
600 with their attorneys figuring out just what they have to
601 do.' This is from @JoshMertz.

602 Secretary {Sebelius.} Do you want me to take that and
603 then ask the second one?

604 Mr. {Barton.} Well, let us give you a chance to answer
605 that one and then we will hold the second one in reserve.

606 Secretary {Sebelius.} Well, Congressman, the small
607 business owner tweeter, welcome to Twitter land. I am a new

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

608 tweeter myself. Depending on the size of this small
609 business, the law may or may not impact the business at all.
610 So if this employer has fewer than 50 full-time or the
611 equivalent of 50 full-time employees, there is absolutely no
612 impact except for the fact that in the SHOP exchange, in the
613 SHOP market, if he wants to provide health insurance for his
614 employees, he will have an opportunity to have some
615 competitive plans and one-stop shop and go forward.

616 Mr. {Barton.} Let us assume they are just over that
617 limit.

618 Secretary {Sebelius.} And if he falls into the over 50
619 full-time equivalent, there will be for the first time ever
620 again a one-stop shop coming in through a Web site. He will
621 not have to hire administrative personnel. He will be able
622 to determine from a choice of plans what plan is best suited
623 to his employees, offer that to his employees, and if he
624 indeed qualifies for a tax credit, depending on the wages of
625 that employees, that will automatically be part of the
626 package moving forward.

627 Mr. {Barton.} Your basic answer is, he is not going to
628 have any compliance costs?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

629 Secretary {Sebelius.} Well, depending on--I mean, there
630 are no additional forms and things to fill out. The goal is
631 really to make this as seamless as possible for small
632 business owners and for individuals so that their experience
633 is relatively simple as they come into the market.

634 Mr. {Barton.} Well, let me go to the second one, and
635 you will know that I don't know this person when I give the
636 name. It is the EricTheBanker@YankeesFanatic6, and I am a
637 Ranger and Astro fan so there is no way I know this guy.

638 ``How does the Obama Administration justify the rising cost
639 of health care including rising premiums and a reduction in
640 work hours even before Obamacare is fully in effect, even
641 though President Obama and your Department specifically
642 promised that premiums would not rise and health care costs
643 would go down?'' So his basic question is, how do you
644 justify, in spite of what was said before the fact, that
645 rising costs of health care including rising premiums are
646 going up?

647 Secretary {Sebelius.} Well, as I said to the chairman a
648 few minutes ago, first of all, the increases in private
649 health insurance are at a slower pace than we have seen in

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

650 well over a decade over the last 3 years, and that has been
651 documented. The other kind of good news is that there
652 finally is some stability in the small employer marketplace
653 who were shedding policies prior to the passage of the ACA
654 for well over a decade, so that has stabilized, and there is
655 nothing in place right now in the legislation that would
656 require any employer to change work hours, and we don't think
657 there is going to be--so whatever is happening to work hours,
658 I think, is impossible to tie to the Affordable Care Act
659 because there is no connection here in 2013.

660 Mr. {Barton.} Well, Mr. Chairman, my time is expired.
661 I hope the two tweeters that we use will tweet some more
662 questions. I think it is good to give the public a chance.
663 And I do want to compliment you, Madam Secretary, for coming
664 before the committee. I know it is difficult, and your time
665 is limited, but we do appreciate you coming.

666 With that, Mr. Chairman, I yield back.

667 Mr. {Barton.} The chair thanks the gentleman and now
668 recognizes the ranking member of the full committee, Mr.
669 Waxman, for 5 minutes.

670 Mr. {Waxman.} Well, thank you, Mr. Chairman, and Madam

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

671 Secretary, it is a tweet to have you here.

672 Secretary {Sebelius.} That is so bad.

673 Mr. {Waxman.} That is terrible. Wait until you hear my
674 question. That was the high point of my 5 minutes.

675 The Republicans fought against the Affordable Care Act.
676 In fact, Republicans fought against Medicare, but they
677 certainly hated the Affordable Care Act. I never could
678 understand that because it is based on a lot of Republican
679 principles, proposals that Senator Dole and others had put
680 forward, and they would love to repeal it. They would have
681 liked the Supreme Court to throw it out. They would have
682 liked for the election to go otherwise. And so they are
683 making life as difficult as possible for you moving forward
684 to implement the law.

685 But I would just like to ask you, what would the world
686 be like for health insurance if we let the insurance
687 companies be in charge? Because that is what the Republicans
688 would have if they repealed the Affordable Care Act.
689 Insurance companies are businesses, and for them, it is
690 better to get healthier insured patients than the sickest.
691 So they try to exclude people who are sick. If you have got

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

692 a preexisting condition, they don't want you. They can
693 discriminate against you. They can charge you a lot more.
694 In fact, if you a woman, they think just being a woman is a
695 preexisting condition.

696 Secretary {Sebelius.} And I am.

697 Mr. {Waxman.} That is almost as bad as my comment. So
698 they would allow insurance companies to discriminate against
699 people they look at as maybe costing them money, and then not
700 only that, they could raise the rates if you got sick, they
701 could drop you, they have these rescissions they were doing.
702 They have all sorts of way of making it difficult for people
703 who are not just healthier enough to cover. So tell us, what
704 would happen to American families, consumers, seniors,
705 particularly those with preexisting conditions, if
706 Republicans repeal health reform and put the insurance
707 companies back in charge?

708 Secretary {Sebelius.} Well, Congressman, as you know, I
709 served for 8 years as the elected insurance commissioner in
710 Kansas and have worked on the insurance side of this puzzle
711 for a long time, and what I saw and what we continued to see,
712 frankly, until 2010 was from the industry point of view, a

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

713 death spiral. That is terminology used by insurers, which
714 means they had fewer and fewer customers and the prices
715 continued to rise because the people who stayed in the
716 marketplace were older and sicker and needed the coverage.
717 The people who dropped out were younger and healthier.

718 Mr. {Waxman.} Well, you really can't blame the
719 insurance companies. They are in business to make a profit.

720 Secretary {Sebelius.} Well, and they were experiencing,
721 or consumers were experiencing double-digit rate increases
722 year in and year out in that market, and being locked out and
723 priced out if you had a preexisting condition--

724 Mr. {Waxman.} I want to move forward because there are
725 some other questions and I am looking at the clock tick by.
726 There is a Prevention and Public Health Fund that we set up
727 in the Affordable Care Act. This fund is there to help fund
728 a lot of important efforts to keep people well and yet there
729 has been an ongoing attack on its since its creation. The
730 Republicans have sought to repeal, rob and otherwise destroy
731 this fund. Just yesterday in this committee, Republicans
732 argued that the fund is merely a slush fund, its resources
733 are being used inappropriately to pay for public lobbying

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

734 efforts, for example, that the Obama Administration itself is
735 guilty of stealing from the fund to support activities
736 related to the implementation of the Affordable Care Act, and
737 in brief, they contend that the fund is not being used as
738 intended and therefore should be available to support other
739 worthy health-related initiatives such as an extension of the
740 PCIP program. I would like you to take this opportunity to
741 set the record straight on exactly how the Prevention Fund is
742 and isn't being used and why we need it even though you had
743 to borrow money from it because the Republicans wouldn't give
744 the Administration the funds to go forward and fully
745 implement the Affordable Care Act.

746 Secretary {Sebelius.} Well, Congressman, I think there
747 is a great track record so far with the Prevention Fund, the
748 first time ever in the United States that we have focused
749 serious dollars on preventing people from getting sick in the
750 first place, a great track record on our anti-tobacco
751 efforts, quit lines around the country, smoking-cessation
752 efforts and those are beginning to show up in the drop in
753 smokers. Work on chronic disease in communities continues,
754 and you are right, we did this year appropriate about \$340

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

755 million from the Prevention Fund for 2013 to outreach and
756 education around the Affordable Care Act. In the long run,
757 that will ensure that lots of Americans who currently have no
758 primary health home, who have no insurance coverage, who have
759 no ability to get preventive care will indeed be connected
760 with the benefits of the Affordable Care Act.

761 Mr. {Waxman.} Well, nothing is more important than
762 preventing disease and promoting good public health, and I
763 hope this fund can be used for the purpose for which it was
764 intended.

765 Mr. {Pitts.} The gentleman's time is expired. The
766 chair thanks the gentleman and now recognizes the vice
767 chairman of subcommittee, Dr. Burgess, 5 minutes for
768 questions.

769 Dr. {Burgess.} I thank the chairman for the
770 recognition. Let me just start off, it has been a tough
771 morning. We all acknowledge that our friends and neighbors
772 down in the town of West, Texas, just 100 miles north of Waco
773 are suffering this morning as they dig out from under that
774 rather horrific explosion that occurred last night, so we
775 continue to pray for the people in Boston. We also need to

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

776 pray for the citizens of West.

777 Now, Madam Secretary, I also appreciate you being here
778 because it has been almost a year since we have had an
779 opportunity to talk. It has been too long. Please come back
780 to our committee frequently. In fact, I would recommend to
781 the chairman that we do have frequent visits because, as you
782 know, October 1st becomes a very important day in the history
783 of our country where your exchanges are going to go live
784 online by statute. They are to go live online on October
785 1st. And I guess the question on everyone's mind this
786 morning is, will you be ready?

787 Secretary {Sebelius.} Yes, sir, and the exchanges--

788 Dr. {Burgess.} I will take that as a yes.

789 Secretary {Sebelius.} --won't be October 1st. Open
790 enrollment will start October 1st. The exchanges will be up
791 and running on January 1st.

792 Dr. {Burgess.} Open enrollment?

793 Secretary {Sebelius.} Yes.

794 Dr. {Burgess.} Now, I do have to ask you a question
795 about the Prevention Fund. I had difficulty finding that in
796 your budget in the expected outlays for the Prevention Fund,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

797 but it is written in statute. It is in the so-called
798 Affordable Care Act, section 4002, and it lays out the monies
799 that will be available for successive fiscal years up to
800 fiscal year 2014 where it is \$1.5 billion and then for 2015
801 and every year thereafter it is \$2 billion, so it is a
802 significant amount of money even in Washington, D.C. Is that
803 not correct?

804 Secretary {Sebelius.} Yes, sir.

805 Dr. {Burgess.} And you have pretty broad transfer
806 authority within that fund. Is that not correct?

807 Secretary {Sebelius.} Transfer authority within the
808 fund?

809 Dr. {Burgess.} That is what it says, subsection D,
810 transfer authority, that the transfer of funds in the fund to
811 be for eligible activities under this section subject to
812 subsection C, which delineated the activities you could fund
813 and one of those activities--

814 Secretary {Sebelius.} You can expend funds within the
815 fund, if that is what you are asking, yes, sir.

816 Dr. {Burgess.} Yes, you can transfer funds to spend for
817 education and outreach, for example. Education and outreach

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

818 is going to be a big part of what happens with the Affordable
819 Care Act this summer, is it not?

820 Secretary {Sebelius.} Yes.

821 Dr. {Burgess.} So in other words, to implement the
822 Affordable Care Act, you are going to take funds from the
823 Prevention Fund for advertising for the benefits of the
824 elysian fields of Obamacare that start this fall. Is that
825 not correct?

826 Secretary {Sebelius.} We are going to reach out to
827 people who currently have no health insurance and who are
828 underinsured or uninsured and inform them about the benefits
829 of the Act and connect them with the Act.

830 Dr. {Burgess.} And how much money are you going to
831 spend on that informing activity?

832 Secretary {Sebelius.} Sir, we transferred about \$332
833 million from the Prevention Fund to be used for outreach
834 activities.

835 Dr. {Burgess.} This is an important point, and I want
836 people who are watching to understand this. The Prevention
837 Fund actually is like a bankbook that you can use and make a
838 withdrawal to pay for advertising to advertise about the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

839 Affordable Care Act, correct?

840 Secretary {Sebelius.} Sir, we are not talking about
841 advertising. We have recently put out, for instance, a grant
842 that will be available to community organizations, faith-
843 based groups, provider groups in States around the country so
844 that they will actually work--I don't know if you are
845 familiar with the Senior Health Insurance Patrol program.
846 Individuals work with--

847 Dr. {Burgess.} Reclaiming my time because our time is
848 limited. We do need to talk about these people who are--

849 Secretary {Sebelius.} I am trying to.

850 Dr. {Burgess.} --in the preexisting-condition program,
851 which unfortunately ended. Chairman Pitts had a hearing--

852 Secretary {Sebelius.} It hasn't ended, sir.

853 Dr. {Burgess.} Well, enrollment has been suspended.

854 Secretary {Sebelius.} That is correct. We are--

855 Dr. {Burgess.} So Chairman Pitts has a hearing and we
856 hear from a young woman who is a lawyer in private practice,
857 unfortunately contracted lymphoma. She has been paying her
858 claims as best she can, waiting to fulfill the 6-month
859 uninsured requirement to get into the preexisting-condition

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

860 program, and the day before she is to enroll, she is told
861 sorry, sister, we are now closed. So is it Obamacare or
862 Obama don't care? Tell me which it is.

863 Secretary {Sebelius.} Well, for the individual you are
864 talking about, the good news for her and millions of
865 Americans is that beginning January 1, 2014, no American ever
866 again will be locked out of an insurance pool because of a
867 preexisting health condition, and that will benefit millions
868 of people including the woman that you have discussed.

869 Dr. {Burgess.} Here is the question: rather than spend
870 the money on advertising for a program that may not even work
871 come October 1st or January 1st, why should we not transfer
872 money from that fund to actually help the people that you
873 promised to help, the people with preexisting conditions?

874 Secretary {Sebelius.} Well, sir, the preexisting-
875 condition pool, as you know, was always designed to be a
876 temporary bridge to full insurance coverage. What I hear
877 from people all over this country is they are eager for the
878 day when the rules will change once and for all for insurance
879 companies. They will never again be able to lock anyone out
880 because a preexisting health condition, and that is very

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

881 different from segregating them into a high-risk pool, which
882 most people cannot afford.

883 Dr. {Burgess.} But the important thing is that this
884 individual and many individuals like her are essentially lost
885 at sea until January 1st at the very least, and we have--

886 Secretary {Sebelius.} The good news is--

887 Dr. {Burgess.} And we have the ability to prevent that
888 from happening, which would be the Prevention Fund.

889 Thank you, Mr. Chairman. I will yield back.

890 Mr. {Pitts.} The chair thanks the gentleman and now
891 recognizes the ranking member emeritus, Mr. Dingell, 5
892 minutes for questions.

893 Mr. {Dingell.} Mr. Chairman, thank you for your
894 courtesy.

895 Madam Secretary, thank you for being here today to talk
896 to the committee about the Administration's 2014 budget. I
897 want to take a moment to thank you for the fine work you have
898 been doing to implement the Affordable Care Act in the face
899 of some rather nasty opposition by all kinds of folks
900 including some members of this committee. You and your staff
901 have worked tirelessly to implement health reform, a historic

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

902 undertaking, and I look forward to continuing to work with
903 you as this process continues.

904 I would also like to note that you are the daughter of a
905 former member of this committee, and you are always welcome.
906 I am sure you view this as something of a home too, so
907 welcome.

908 Secretary {Sebelius.} Thank you.

909 Mr. {Dingell.} In any event, Madam Secretary, yes or no
910 questions. You are working now on the FDA Food Safety
911 Modernization Act. The legislation made historic
912 improvements in our food safety system and provided new
913 authorities to help FDA to prevent food safety problems
914 before they occur throughout the food supply. This
915 legislation, which I authored, included a dedicated source of
916 funding for the implementation of food safety through a
917 facility fee, a reinspection and recall fee and a fee for
918 importers and exporters. Unfortunately, some of our friends
919 on the other side of the Capitol did not see the wisdom of
920 the fees that they passed overwhelmingly here in the House.
921 The President's fiscal 2014 budget requests \$225 million in
922 resources through fees to help fund the implementation of the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

923 food safety law. Is that correct?

924 Secretary {Sebelius.} Yes, sir.

925 Mr. {Dingell.} Now, these proposed fees include a food
926 facility registration and inspection fee and a food importer
927 fee. Is that correct?

928 Secretary {Sebelius.} Yes, sir.

929 Mr. {Dingell.} Madam Secretary, can you explain briefly
930 what these activities and these fees will be used for?

931 Secretary {Sebelius.} Well, there is no question that
932 in the 70 years between the time that Congress passed the new
933 food safety measure a few years ago and the last time food
934 safety measures were updated that the market has changed
935 dramatically. We have a global market. About half of our
936 fruits and vegetables and two-thirds of our seafood come in
937 from overseas. We have a different kind of--

938 Mr. {Dingell.} Huge imports occupy a very high
939 proportion of American consumption.

940 Secretary {Sebelius.} Yes, sir.

941 Mr. {Dingell.} And we are finding that that seems to be
942 about the only way we can get the FDA properly funded to
943 carry out its mission. Is that right?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

944 Secretary {Sebelius.} They definitely need new
945 resources to build a new food safety system.

946 Mr. {Dingell.} Particularly in the area of new drug
947 approvals. Is that right?

948 Secretary {Sebelius.} That is correct.

949 Mr. {Dingell.} Now, Madam Secretary, do you believe
950 these fees help FDA to implement the food safety law
951 effectively and in a timely manner? Yes or no.

952 Secretary {Sebelius.} I do.

953 Mr. {Dingell.} Another area of interest to me is
954 cosmetics. FDA's authorities over this industry are woefully
955 outdated. The industry itself has requested improved
956 authority for the FDA in this area to better ensure the
957 safety of cosmetics, and I know the industry has requested
958 this to their great and lasting credit. The Administration
959 has proposed a cosmetic user fee of \$19 million. Is this
960 correct?

961 Secretary {Sebelius.} Yes, sir.

962 Mr. {Dingell.} Madam Secretary, can you explain the
963 fees' purposes and the activities that this user fee will be
964 used to support?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

965 Secretary {Sebelius.} Again, it will be used to really
966 update the regulatory capacity and add new technical
967 expertise. As you say, it is requested by the cosmetics
968 industry so we are very hopeful to work with Congress on
969 implementing this update to the reinventing cosmetic fee
970 initiative.

971 Mr. {Dingell.} Now, Madam Secretary, this business of
972 fees for FDA began when this committee worked out a deal with
973 the pharmaceutical industry to enable the pharmaceutical
974 industry to get better service from FDA on new drug
975 applications. Is that right?

976 Secretary {Sebelius.} New drug applications and new
977 device applications, yes, sir.

978 Mr. {Dingell.} Well, actually it has moved through new
979 drug, new devices, over-the-counter and all kinds of things,
980 and that has worked out very, very well from the standpoint
981 of industry and the standpoint of government and consumers.
982 Is that right?

983 Secretary {Sebelius.} It has definitely expedited the
984 ability to put things on the market more quickly.

985 Mr. {Dingell.} And it is actively supported by the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

986 industry?

987 Secretary {Sebelius.} Yes, sir.

988 Mr. {Dingell.} And prior to the time of that
989 legislation, it is interesting to note that Food and Drug
990 would take as much as 10 years of the 17-year period on the
991 patent, the end result of which was that the industry lost
992 hundreds of millions or even billions of dollars. People
993 were denied the availability of useful new pharmaceuticals,
994 which could help deal with some of the serious medical and
995 health problems in the country. Is that right?

996 Secretary {Sebelius.} That is correct. We were losing
997 to global competitors because of the pace of approvals.

998 Mr. {Dingell.} Madam Secretary, thank you for being
999 here, and good luck in implementing the legislation that is
1000 so important, the Affordable Care Act. Thank you.

1001 Thank you, Mr. Chairman.

1002 Mr. {Pitts.} The chair thanks the gentleman and now
1003 recognizes the gentleman from Pennsylvania, Dr. Murphy, 5
1004 minutes for questions.

1005 Mr. {Murphy.} Thank you.

1006 Madam Secretary, I appreciate you being here today. I

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1007 have, first of all, a question, and I recognize in your
1008 position you may not get the letters that we send over, but
1009 there was a bipartisan letter sent to your office signed by
1010 myself, Chairman Upton, Ranking Member Waxman, Diana DeGette
1011 and others regarding a follow-up on number of mental health
1012 issues. I am not sure if you saw that, but we had asked for
1013 a response in February. We have not received a response yet.
1014 I brought another copy here. Can I get that to you and get
1015 it right to your desk?

1016 Secretary {Sebelius.} Yes, sir.

1017 Mr. {Murphy.} I appreciate that. It is important as we
1018 make sure. And I appreciate your focus on mental health. I
1019 am a psychologist myself. I also know in your statements you
1020 had requested some funding increases in a number of areas.

1021 Another thing, and I hope you can take this message to
1022 the President as well is, I have reviewed or tried to review
1023 what the federal government spends on mental health in a wide
1024 range of areas: in HHS, Judiciary, Education, Department of
1025 Defense, Veterans Administration. It appears that no one has
1026 a handle on how much money we spend in mental health in a
1027 broad perspective. No one has ever done an inventory on

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1028 that. So Representative DeGette and I sent a letter over to
1029 the Office of Management and Budget with a copy to the
1030 President asking for an inventory of all that we do, and I
1031 think that would be important because we need to know how
1032 much we spend, where we spend it, and following that, is it
1033 even effective such as does it get to the level of the
1034 patient. When you are talking about one in five people at
1035 any given time have a mental health disorder and that perhaps
1036 only 40 percent of those with mental illness get treatment,
1037 that we heard before during a hearing we did post Newtown
1038 from the head of NIMH that it is about 112 weeks before
1039 someone even gets treatment for a psychotic disorder, and you
1040 also pointed out in your testimony that it is about ages 14
1041 to 25 when some of these disorders appear and that every one
1042 of these mass murderers was generally in that age range, I
1043 think all but one was male, psychotic symptoms and other
1044 things. We recognize severe mental illness are not all
1045 violent. A vast majority are not. But it is an area that we
1046 are all deeply concerned. We need to know what we are doing
1047 and are we doing the right thing. And so will you be able to
1048 get us a response to that letter?

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1049 Secretary {Sebelius.} Yes, sir, we will definitely.

1050 Mr. {Murphy.} Thank you. Another issue has to do with
1051 mental health parity. That bill was passed over 4 years ago,
1052 and we still have not seen regulations. Do we have a date
1053 yet by which we might see something?

1054 Secretary {Sebelius.} We are committed to finalizing
1055 the rule this year and are in the process of doing just that.
1056 We do have interim final rules that have been promulgated 2
1057 years ago and so those are in place right now.

1058 Mr. {Murphy.} Thank you. And another area, we were
1059 talking a little bit about the FDA here. I noticed recently
1060 a substance by the name of Jacked with a backwards 3 and
1061 therefore the letter E was recently put out as a ban because
1062 some substance within it was perhaps associated with--we
1063 don't have a direct link--but perhaps correlated with a
1064 couple deaths. I know the military has asked that all these
1065 products be removed from commissaries and exchanges on
1066 military bases. I don't know if you have had a chance to
1067 look at this but my question is, are these products still
1068 being sold online or in stores, and if you could get back to
1069 me with information on that, because I recognize we don't

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1070 want a dangerous or potentially dangerous substance out there
1071 for people to take.

1072 Another area I wanted to bring to your attention to in
1073 terms of supplements, the December issue, I think it was
1074 Military Medicine, said that with regard to supplements, they
1075 did a survey of supplements sold on military bases. They
1076 found that only 12 percent of manufactured supplements
1077 actually had an independent body verify what is in it. We
1078 have seen studies that said even vitamin D content in vitamin
1079 pills may range from less than 10 percent of what it is
1080 supposed to have 140 percent of what it is supposed to have.
1081 So 12 percent have an independent verifier. About 28 percent
1082 verify themselves the content whatever that is, a mineral, a
1083 supplement, a vitamin, and the rest, 60 percent, have nobody
1084 verifying at all what is in them. Somewhere within your
1085 agency I am sure someone is taking a look at that, and I
1086 would appreciate information back on that. It is a massive
1087 industry in America geared to help people stay healthy. We
1088 want people to stay healthy. But I sure would like to know
1089 what is in that.

1090 Secretary {Sebelius.} Well, Congressman, I can tell

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1091 you, we would love to work with you around that issue. A lot
1092 of these supplements and additives fall into a very gray area
1093 where they are not sold as medical products, they are not
1094 sold as pharmaceuticals, they are sort of food additives and
1095 that often is kind of outside the FDA jurisdiction, but we
1096 would love to pursue that issue with you.

1097 Mr. {Murphy.} Thank you. I look forward to meeting
1098 with you. Thank you very much, Mr. Chairman.

1099 Mr. {Pitts.} The chair thanks the gentleman and now
1100 recognizes the gentlelady from California, Ms. Capps, 5
1101 minutes for questions.

1102 Mrs. {Capps.} Thank you, Mr. Chairman, and welcome,
1103 Madam Secretary.

1104 As you know, my State of California has consistently
1105 taken a leadership role in health reform implementation, and
1106 now I have heard concern from hospitals in my district about
1107 the financial impact of the disproportionate-share hospital,
1108 the DSH program cuts, and reductions on the providers who are
1109 in States like California making a good-faith effort to
1110 implement the Affordable Care Act. Could you speak to the
1111 proposed DSH reduction schedule and how this proposal will

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1112 help facilitate a smooth transition of full ACA
1113 implementation?

1114 Secretary {Sebelius.} Congressman, we were hearing
1115 similar reports from hospital executives around the country,
1116 and in the midst of an attempt to really fully engage in the
1117 health market so the determination that we have made recently
1118 is that the Medicare cuts, which have a specific timeline
1119 around DSH, will proceed with implementation in 2014. We are
1120 committed to fully reducing DSH payments by the amount
1121 suggested in the ACA schedule but not beginning the Medicaid
1122 DSH reductions until 2015.

1123 Mrs. {Capps.} When DSH cuts are set to take effect, how
1124 is CMS going to recalculate the hospital's needs for the
1125 funds? Will hospitals in States like California where we are
1126 embracing a Medicaid expansion have a fair shot at the funds
1127 when up against the--in other words, do we get our fair
1128 share? Thank you.

1129 Secretary {Sebelius.} Well, and the goal, as you know,
1130 when you authored or helped to author the Affordable Care Act
1131 is that as additional Americans were able to be covered by
1132 health insurance or by Medicaid expansion, that would reduce

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1133 the level of uncompensated care that hospitals currently
1134 experience. So it is designed to be a complement but we are
1135 conscious of the notion that that won't be a direct match and
1136 we are looking very carefully and doing a lot of outreach
1137 about what is the most effective way to implement the cuts
1138 that are proposed in the law.

1139 Mrs. {Capps.} Well, I appreciate that and your
1140 willingness to do all you can to ensure a smooth transition
1141 as the ACA goes into full effect. We want to be partners
1142 with you, and I want to highlight, however, that we are
1143 watching carefully. It would be unfair if States that are
1144 acting in good faith like California are harmed because of
1145 other States' policies, and I am sure you are aware of that
1146 and I know you are going to keep that in mind.

1147 One last question. This delay in DSH reductions is just
1148 a proposal, right?

1149 Secretary {Sebelius.} It is proposed in the budget this
1150 year.

1151 Mrs. {Capps.} Right, a proposal.

1152 Secretary {Sebelius.} I know it was proposed. I just
1153 wanted to make sure.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1154 Mrs. {Capps.} Exactly. This is an important
1155 distinction. I believe as implementation continues to be
1156 hampered by politics, some governors are using the proposed
1157 delay in DSH cuts as an excuse to delay in making a decision
1158 on Medicaid expansion. I think this is irresponsible and
1159 pretty cruel to constituents. Anyway, I believe that cut
1160 delays are not just a proposal and the impact of delaying the
1161 decisions is not.

1162 There is a little over a minute let. As someone who was
1163 formerly a visiting nurse myself, I believe the renewed
1164 commitment to maternal, infant and early childhood home
1165 visiting programs is just excellent and a good preventive and
1166 cost-saving way to deliver health services. The evidence is
1167 bipartisan, and it is evidence based that these programs work
1168 and they are critical to improving health outcomes for women
1169 and children and really for families. Could you detail the
1170 proposed investment in these programs over the next 10 years?
1171 There is not much time to do it but highlight it so we can
1172 follow up.

1173 Secretary {Sebelius.} Well, I think one of the very
1174 exciting second-term initiatives that the President believes

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1175 in very strongly is an infrastructure around early childhood
1176 starts. So it includes Health and Human Services, increases
1177 in investments in home visiting programs which, as you say,
1178 are evidence based and not only are wonderful for health but
1179 also very proven to reduce violence and is a great strategy
1180 for resilience in children, increases in our early Head Start
1181 childcare partnership effort, and then in the Department of
1182 Education budget is a significant increase in pre-K programs
1183 in partnership with States around the country and that
1184 infrastructure, to make sure that by the time children are 5
1185 and hit school, they are not only ready to learn but they are
1186 socially and emotionally ready to be in a classroom we see as
1187 a critically important investment to make in the future.

1188 Mrs. {Capps.} Thank you, and this really gets at our
1189 disparities in health care as well in a very clear way.

1190 Thank you, Mr. Chairman.

1191 Mr. {Pitts.} The chair thanks the gentlelady and now
1192 recognizes the gentleman from Dr. Gingrey, for 5 minutes for
1193 questions.

1194 Dr. {Gingrey.} Thank you, Mr. Chairman.

1195 Madam Secretary, as one of the physician members of the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1196 committee, you know I have always been unwavering in my
1197 commitment to the full repeal of Obamacare, but now as we
1198 approach full implementation, however, I believe that we must
1199 chip away at the most egregious parts of the law, and to that
1200 point, Secretary Sebelius, you stated in a speech in
1201 Philadelphia in late March of this year that some men and
1202 younger customers could see their insurance rates increase
1203 because of the Patient Protection and Affordable Care Act.
1204 Do you think that it is fair that young people will pay
1205 higher insurance rates because of this law?

1206 Secretary {Sebelius.} Sir, I think we don't know what
1207 the rates will look like until the insurers file their plans,
1208 and the very good news is that State insurance departments
1209 around the country have additional resources to review those-
1210 -

1211 Dr. {Gingrey.} In the interest of time, I am asking you
1212 a simple question. Do you think that it is fair that
1213 Obamacare asks young people to pay higher insurance rates? I
1214 know you don't know what they will be but is it fair? Do you
1215 think it is fair?

1216 Secretary {Sebelius.} Well, there is nothing in the law

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1217 that asks young people to pay higher rates.

1218 Dr. {Gingrey.} Well, Secretary Sebelius, actuarial
1219 Oliver Wyman's firm produced a study that identified how
1220 wealthy a young person had to be before their health costs
1221 went up because of Obamacare. I ask you this: Do you happen
1222 to know how wealthy a young person in 2014 when you have
1223 fully implemented these exchanges will have to be, how
1224 wealthy that person would have to be to not pay higher out-
1225 of-pocket insurance premiums?

1226 Secretary {Sebelius.} It is an impossible question, but
1227 what we know about young people right now who are not
1228 insured, a number of them are on their parents' plans until
1229 age 26.

1230 Dr. {Gingrey.} Well, we are talking about, assume that
1231 this person is 27 years old.

1232 Secretary {Sebelius.} Than anyone under 400 percent of
1233 poverty will qualify for a tax subsidy, an upfront tax
1234 subsidy, and will have insurance policies with far lower
1235 copays and coinsurance and out-of-pocket--

1236 Dr. {Gingrey.} Well, Madam Secretary, the answer,
1237 according to this actuarial study, is \$25,000. Secretary

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1238 Sebelius, do you think that asking a young person who makes
1239 \$25,500 to pay more for their insurance under Obamacare, is
1240 that fair?

1241 Secretary {Sebelius.} Well, that isn't accurate,
1242 unfortunately. Somebody who is making \$25,500 would
1243 definitely qualify for a subsidy if he or she is purchasing
1244 coverage in the individual market so they will not pay more
1245 out of pocket than--

1246 Dr. {Gingrey.} I don't know how much that subsidy might
1247 be, Madam Secretary, but even with the subsidy, they will be
1248 paying more under Obamacare than they would be paying 4 years
1249 ago for the same insurance coverage.

1250 Secretary {Sebelius.} That is absolutely not true.

1251 Dr. {Gingrey.} That is absolutely true, and let me ask
1252 you this next question. Has your Department created
1253 contingency plans in the event that young people like I just
1254 described choose to pay the penalty instead of purchasing the
1255 insurance that they can't afford? Have you developed a
1256 contingency plan in the event that that occurs?

1257 Secretary {Sebelius.} No, sir. We intend to implement
1258 the law, but I think educating young people about what

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1259 options they will have that they do not have now that they
1260 will be in a larger pool, that there are subsidies available
1261 to them which they absolutely do not know and that they will
1262 have full insurance coverage. Young women know that no
1263 longer will it be legal for an insurance company to charge 50
1264 or 75 percent more for exactly the same coverage.

1265 Dr. {Gingrey.} Well, I only mentioned young men because
1266 that was who you addressed in that speech in Philadelphia.
1267 And look, you are lot more optimistic obviously about how
1268 this is going to work in these exchanges on January 1, 2014,
1269 than I am, but I would highly recommend to you, Madam
1270 Secretary, that you do develop a contingency plan in the
1271 event that so many of these young people look at that and say
1272 hey, look, here I am straight out of college, I am now 27 so
1273 I am not on my parents' policy, and furthermore, they kicked
1274 me out of the basement, I have got \$250,000 worth of higher
1275 education debt, I am engaged, I am trying to build a life, I
1276 have got a job. I strongly suggest that your Department
1277 create this contingency plan, and I would suggest that you
1278 submit that to me and this committee and furthermore not let
1279 a train wreck or any other excuse slow it down, and I yield

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1280 back the balance of my time.

1281 Secretary {Sebelius.} Well, Congressman, the other
1282 thing that is available to your young person who is engaged
1283 is a choice of a fully insured plan or a catastrophic plan.
1284 What we know is putting that young person in a large pool
1285 automatically by entering the marketplace will be
1286 significantly more beneficial than he or she shopping in the
1287 individual market where they have no rules and no protection,
1288 and if indeed they get any kind of preexisting condition,
1289 they could be booted out in a heartbeat.

1290 Dr. {Gingrey.} Mr. Chairman, since you let her go a
1291 little bit over, just let me address the issue of age banding
1292 because of your rules, you are going to force these young
1293 people to pay higher rates than somebody 58 years old who can
1294 well afford to pay better than they can, and you ought to let
1295 the States decide that.

1296 Mr. {Pitts.} The gentleman's time is expired. The
1297 chair recognizes the gentleman from Utah, Mr. Matheson, 5
1298 minutes for questions.

1299 Mr. {Matheson.} Thank you, Mr. Chairman, and Madam
1300 Secretary, thanks for coming before the committee today.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1301 In the Department's fiscal year 2014 budget is included
1302 the implementation of copayments for Medicare home health
1303 beneficiaries per MedPAC's recommendations. The new copays
1304 on home health would be a tool to reduce overutilization and
1305 create savings for the program. Now, looking at ways to
1306 reduce the overutilization and create savings is something we
1307 all want to do. I do have some concerns, though that with
1308 the proposals that ask beneficiaries to pay more out of
1309 pocket, particularly those who would be paying are probably a
1310 little more sick, less financially secure. And allied to
1311 that, I have concerns with asking seniors to pay more when
1312 there are strong indications of fraud and abuse in certain
1313 geographic areas of our country in the home health care
1314 industry because MedPAC's March report identified--there are
1315 basically five big ones, five specific geographic areas where
1316 there is strong reason to believe that fraudulent billing
1317 practices are in play in the home health care industry. For
1318 example, it is a nice comparison, there are about 190,000
1319 Medicare beneficiaries in my State and there are about that
1320 many in Miami-Dade County. In Utah with the same number of
1321 beneficiaries, we have about 100 home health care providers.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1322 In Miami-Dade County, it is nearly 700. The average benefit
1323 per beneficiary in Miami-Dade County is five or six times
1324 what it is in Utah.

1325 So we have a situation where in a few geographic areas,
1326 there seems to be some bad actors, if you will, and it
1327 strikes me that there is something wrong in places like
1328 Miami-Dade County. So I guess my point, which I am sure you
1329 understand, is, in terms of looking for savings and
1330 efficiency, it seems to me we might be looking at situations
1331 where those geographic disparities reflect that there may be
1332 some activities going on that are not right. And I was
1333 wondering if you looked at what your authority might be or
1334 using your authority to limit issuance of new provider
1335 numbers in these geographic regions which have strong
1336 indications of this type of overutilization.

1337 Secretary {Sebelius.} Well, Congressman, we are doing
1338 more than looking at re-credentialing providers. We actually
1339 have at the President's direction really ramped up our
1340 antifraud efforts around particular durable medical equipment
1341 where there are very erratic billing patterns. Home health
1342 is another high target. We recently have seen some mental

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1343 health services and some pharmaceutical services. We have a
1344 very active strike task force, a HEAT task force including
1345 U.S. attorneys and on-the-ground folks from our Inspector
1346 General's office working together in Miami-Dade County and a
1347 number of other areas. They are not in Utah right now
1348 because we are not seeing that kind of billing practice but
1349 fraud and abuse we are taking very seriously. We have
1350 returned historic returns to the Medicare trust fund and in
1351 fact to Medicaid programs around our strike efforts, which is
1352 why we are asking for new mandatory funding, frankly, because
1353 we are returning about \$8 for every dollar that we are
1354 appropriated, and I think that is an incredibly important
1355 investment to make sure that people don't steal from these
1356 programs and that the services are delivered to people who
1357 want them and need them.

1358 Mr. {Matheson.} Do you feel like you have the
1359 appropriate authority based on legislation to use data
1360 analysis and analytics to really target these areas that have
1361 these problems?

1362 Secretary {Sebelius.} Actually, we have finally for the
1363 first time built over the last couple of years predictive

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1364 modeling, the same kind of computer analysis that credit card
1365 companies and other banks have used for years. Medicare has
1366 never done that. So we are actually able not only to target
1367 areas where they are great billing irregularities but
1368 actually target the types of services and focus a lot of time
1369 and attention with our prosecutors, with our investigators,
1370 and our goal is to shut it down before it happens, not to
1371 continue to do the pay and chase but actually to move in and
1372 shut down these operations.

1373 Mr. {Matheson.} Are there any particular impediments
1374 you see in front of you that are limiting your ability to do
1375 this?

1376 Secretary {Sebelius.} Well, the biggest impediment is
1377 resources. Ironically, the return is so great and yet for
1378 the last number of years we have not gotten the appropriation
1379 even up to our budget limit. So I would just urge the
1380 committee, I think fraud and abuse is something that people
1381 agree on. We have a great track record. We can show you
1382 dollar for dollar what is going on but our restrictions are
1383 really on resources.

1384 Mr. {Matheson.} Thank you, Madam Secretary. I yield

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1385 back, Mr. Chairman.

1386 Mr. {Pitts.} The chair thanks the gentleman and now
1387 recognizes the gentleman from Louisiana, Dr. Cassidy, for 5
1388 minute for questions.

1389 Dr. {Cassidy.} Thank you, Madam Secretary. As you
1390 know, we have got 5 minutes, so if I seem like I am speaking
1391 like an auctioneer, I am, and if I occasionally interrupt, it
1392 is not to be rude; it is to maximize our time.

1393 I will start off with a couple yes or no questions. In
1394 January 2012, the President announced plans to streamline
1395 government agencies like the Department of Commerce with this
1396 statement: ``Our economy has fundamentally changed as has
1397 the world but our government has not. Often it has grown
1398 more complex.'' He has also stated that he supports reforms
1399 to federal agencies that result in more efficiency, better
1400 service and leaner government. Yes or no, do you believe
1401 that federal agencies should be mindful of our current
1402 economy and operate in ways that result in more efficiencies?

1403 Secretary {Sebelius.} Yes.

1404 Dr. {Cassidy.} Second yes or no. The President's
1405 fiscal year 2014 budget proposal for HHS is \$967 billion and

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1406 seeks \$80 billion in discretionary spending, roughly \$60
1407 billion more than last request. Yes or no, understanding the
1408 President's commitment to efficient government agencies and
1409 knowing the difficult budget situation our Nation faces,
1410 could you accept a 2 percent reduction in your agency's total
1411 HHS request?

1412 Secretary {Sebelius.} No, sir.

1413 Dr. {Cassidy.} And if you can't, can you defend all the
1414 expenditures in the agency as outlined in the President's
1415 budget, not even a 2 percent cut anyplace?

1416 Secretary {Sebelius.} I am happy to do that in a more
1417 robust conversation but I think the 5 minutes probably won't
1418 allow that to happen.

1419 Dr. {Cassidy.} Well, thank you, and I understand that,
1420 and I appreciate your sensitivity to the time.

1421 Next, following up on what Ms. Capps said, my State also
1422 has a lot of uninsured. Our governor has not yet indicated
1423 that he is going to accept the Medicaid expansion. It is
1424 going to cost our taxpayers \$1.2 to \$1.8 billion in State tax
1425 money to implement. But I am a doc that takes care of the
1426 uninsured. The DSH program, as we know, has helped support

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1427 care for those folks. If a State does not accept the
1428 Medicaid expansion, obviously there is concern that they
1429 would lose the DSH based upon a decrease in the national
1430 uninsured rate, although the uninsured rate within the State
1431 may still stay higher.

1432 We sent a letter to your office dated February 11th
1433 asking for a reply by March 1st. It may have been a tight
1434 timeline. I apologize. But have really not received a reply
1435 since. Can I give you a clean copy of this letter and ask if
1436 you guys can respond to it? I don't mean this as a gotcha.
1437 I mean it totally as a fellow who is advocating for his
1438 uninsured.

1439 Secretary {Sebelius.} Certainly.

1440 Dr. {Cassidy.} Thank you. Next, my gosh, don't we all
1441 still have a heartbreak for the issue of mental illness in
1442 our Nation? There was an article in the Wall Street Journal
1443 from 2006 but apparently still apropos, ``A Death in the
1444 Family'' regarding William Bruce. Mr. Bruce was hospitalized
1445 with severe schizoaffective disorder, I believe, and there is
1446 an agency that got federal dollars, Protection and Advocacy
1447 for Individuals with Mental Illness who, according to the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1448 article, and I have been in communication with the father,
1449 they actually coached the young William as to how to give his
1450 answers to providers that he could get released. He did.
1451 The providers did not inform the family that he was still
1452 psychotic, and he went out and he murdered his mother.
1453 Incredible. Now, this agency, we have looked to see if they
1454 put in reforms to ensure that they are no longer doing this,
1455 have been unable to. I do see that they continue to receive
1456 \$36 million a year. Can you provide us follow-up or some
1457 guarantee that the Protection and Advocacy for Individuals
1458 with Mental Illness receiving \$36 million a year in some way
1459 is no longer doing this?

1460 Secretary {Sebelius.} Well, Congressman, I have no idea
1461 what the agency is or does or what they advocate.

1462 Dr. {Cassidy.} I accept that.

1463 Secretary {Sebelius.} I can tell you, though, that
1464 about 65 million Americans who currently have no mental
1465 health or substance abuse benefits either through access to
1466 new marketplaces and new affordable health insurance or
1467 Medicaid expansion will finally have--

1468 Dr. {Cassidy.} I don't mean to interrupt. And that

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1469 again was not a gotcha question and I didn't expect you to
1470 know that kind of micro level, but I think we all are
1471 concerned that this is not being funded by our federal
1472 government, or if it is, that there is some reform. So we
1473 will give you some information on that if you could reply
1474 please.

1475 Next, in his Now is the Time plan to address gun
1476 violence, the President promised to do the following:
1477 address unnecessary legal barriers, particularly related to
1478 HIPAA, which may prevent States from making information
1479 available to background check systems; two, releasing a
1480 letter to health care providers clarifying no federal law
1481 prohibits them from reporting threats of violence to law
1482 enforcement authorities; and three, starting a national
1483 dialog on mental illness. Can you just give us an update of
1484 progress as regards these three things?

1485 Secretary {Sebelius.} Sure. The letter to providers
1486 went out fairly immediately after the President's
1487 announcement of the package of administrative initiatives
1488 that we were going to put in place, and I would be happy to
1489 provide this committee with a copy of that letter, reminders

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1490 providers that there actually is a duty to warn and there are
1491 no HIPAA barriers against coming forward when somebody is
1492 likely to be dangerous to themselves or others. Secondly, we
1493 have just put an ANPRM, an Advanced Notice of Proposed
1494 Rulemaking, that would ask the States to identify what they
1495 see as the barriers. Our frustration is, we don't think
1496 there are barriers to collecting the information that is
1497 requested. States have said that they see those barriers, so
1498 we want to know what they are so we can directly address
1499 them, and that has gone out this week, and we are in that
1500 dialog, and within the next month or so, we intend to launch
1501 the national dialog. We already are working with mayors and
1502 community groups in communities across this country. It will
1503 be a public-private partnership, privately funded, community
1504 dialogs, toolkits by our office, meetings in communities, but
1505 the dialog will be a yearlong effort to really bring mental
1506 health conditions out of the shadows and make it clear to
1507 people where they can go for help.

1508 Dr. {Cassidy.} If I can help you, please let know.

1509 Mr. {Pitts.} The gentleman's time is expired. The
1510 chair recognizes the gentleman from Texas, Mr. Green, 5

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1511 minutes, sir.

1512 Mr. {Green.} Thank you, Madam Secretary, for your time,
1513 and I commend you and the President for writing a budget
1514 proposal that as a whole puts our country's health system on
1515 the right path forward.

1516 My first question, I am a strong supporter of the
1517 Affordable Care Act and I look forward to the next few months
1518 to learn how it will be implemented across the country,
1519 especially in my home State of Texas, and I know you were
1520 there last year and we talked briefly about this in one of
1521 your visits to one of our level I trauma centers in Houston.
1522 We have spoken about the importance of providing a robust
1523 exchange in States like Texas that opt out of creating their
1524 own system. Our time today is so short and so it is not
1525 necessary to get into it now, but in the next few days could
1526 you or your office provide us in writing a status report on
1527 the creation of the implementation of the Texas State
1528 exchange? Again, you don't have a partner so we need to make
1529 sure, and I know we are not the only State that is in that
1530 boat. We may be on Medicaid but not on that.

1531 Secretary {Sebelius.} We would be glad to do that.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1532 Mr. {Green.} My next question is something we haven't
1533 contacted you about, about the disproportionate share
1534 hospital payments. It was recently brought to my attention
1535 in an informal process that CMS changed their DSH payment
1536 procedures to children's hospitals in certain instances. As
1537 I understand it, children's hospitals having their DSH
1538 payments reduced because of commercial insurance revenue is
1539 counted as Medicaid revenue. It is important to note that
1540 despite CMS continuing insisting that this is double dipping,
1541 it is my understanding that this happens even though the
1542 patients may be enrolled at Medicaid, that their private
1543 insurance is paying the bills. There is no payment for
1544 Medicaid being made and the children's hospitals never
1545 include these children in their Medicaid cost reports in any
1546 way because they are never considered Medicaid-program
1547 patients. However, for some reason, CMS determined that
1548 these are Medicaid payments and reduces their DSH payments.
1549 Are you familiar with the problem?

1550 Secretary {Sebelius.} I am somewhat familiar but would
1551 love to have a chance to get back to you with specifics.

1552 Mr. {Green.} Okay. What I would like to do is work HHS

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1553 to remedy the problem, and we have a great hospital and
1554 medical center in Texas Children's Hospital and we have
1555 hospitals all over the country that are children's, and
1556 erroneous reductions have come close to eliminating their DSH
1557 payments, and they do cover a lot of uninsured children who
1558 are not under Medicaid. In States like Texas where Medicaid
1559 may not expand, DSH is a critical revenue stream, so TCH
1560 provides a valuable service to our community and it should
1561 receive all the funding they are entitled to under the law,
1562 and this is an urgent issue, and I don't think it is the
1563 intent of HHS to harm our children's hospitals, and it cuts
1564 across State lines. This is not a Texas-only problem.

1565 Secretary {Sebelius.} We would be very willing to
1566 follow up with you, Congressman. I think the issue that was
1567 trying to be addressed was in the dual-eligible area if you
1568 double count what is happening, but I am a little unclear how
1569 exactly that impacts children and what is happening in the
1570 children's hospitals.

1571 Mr. {Green.} We will get you some information. I
1572 appreciate it. My next question deals with sequestration and
1573 the effect on Part B drug payments to providers such as

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1574 cancer clinics. It is my understanding that because of the
1575 sequester and because of the way the underlying ASP is
1576 calculated to include prompt payment discount, many providers
1577 have been reimbursed less than they pay for the drug. Madam
1578 Secretary, does HHS have any flexibility if access to
1579 providers becomes an issue for beneficiaries to modify the
1580 payments so that providers are reimbursed at a rate that
1581 allows them to continue to offer those drugs?

1582 Secretary {Sebelius.} We do not have any flexibility
1583 with the sequester implementation.

1584 Mr. {Green.} And I understand that the sequester was
1585 brought on by Congress and we are tasked with finding a way
1586 out. On this Part B drug matter, my colleagues, both Mr.
1587 Whitfield on the majority side and Ms. DeGette and I have a
1588 bill that we have introduced for the last few sessions. This
1589 bill would exclude the prompt payment discount from the ASP
1590 calculation.

1591 And Mr. Chairman, I think we should seriously consider
1592 taking this bill up in our committee to mitigate the problems
1593 I have described, and again, I will yield back 43 seconds to
1594 you.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1595 Mr. {Pitts.} The chair thanks the gentleman and now
1596 recognizes the gentleman from Kentucky, Mr. Guthrie, 5
1597 minutes for questions.

1598 Mr. {Guthrie.} Thank you, Mr. Chairman, and thank you,
1599 Madam Secretary, for coming today. I appreciate you being
1600 here.

1601 I want to talk about prevention funds in the budget or
1602 the use of prevention funds, and I have been to a dialysis
1603 center. As you walk through, and it is not just the numbers
1604 of the money we are spending in dialysis centers, it is the
1605 lives, and a lot of that is preventable. So I am for
1606 prevention. The last time you were here, we spoke
1607 specifically about using prevention funds for lobbying State
1608 and local ordinances.

1609 Secretary {Sebelius.} I am sorry. Could I interrupt
1610 for one second? Dr. Cassidy, I have just learned that the
1611 rulemaking that I mentioned, it goes out tomorrow, so I just
1612 wanted to clarify. It isn't out the door yet but it goes out
1613 tomorrow. I am so sorry.

1614 Mr. {Guthrie.} No problem. The prevention funds we
1615 talked about last time, and I remember you saying that the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1616 examples I cited were State and local lobbying so therefore
1617 it wasn't lobbying as prevented by the federal. It was only
1618 limited to the federal government, which that actually wasn't
1619 accurate according to the law.

1620 The second thing that you said that the grants that I
1621 cited went out prior to the Labor and HHS rider in the
1622 appropriations bill, therefore, it wasn't covered by the
1623 lobbying prevention, but actually 18 U.S.C. governed it as
1624 well, and we talked about that, and your own internal
1625 regulation A.R. 12 governs that. And so after that exchange,
1626 I thought you would go back and look at the programs and say
1627 okay, these would be covered by those, and I was even
1628 interviewed. I don't have the transcript but somebody asked
1629 me about the Department. I said I have all faith that they
1630 are going to go back and correct the way these grantees are
1631 behaving, and I don't think they behaving incorrectly to
1632 themselves because their actual grant proposals stated
1633 exactly what they were doing. So I sent a letter along with
1634 Congressman Whitfield, and the letter came back and it
1635 concerned me because it said the HHS staff has determined
1636 that they believe the activities are not lobbying, and what

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1637 is frustrating about it, it appears, it is like, okay, these
1638 groups were advocating for local and State policy. They put
1639 it in their grant requests, and let us find some
1640 interpretation of the law that allows them to do it, and the
1641 letter quoted a 1989 DOJ interpretation of 18 U.S. Code 1913
1642 that was updated in 1992. So we have a 1989 interpretation
1643 of a law dated in 1992. And even your own A.R. 12 says any
1644 activity designed to influence action in regard to a
1645 particular piece of pending legislation would be considered
1646 lobbying, and it says federal or State levels--so it just
1647 seems like we did bring this up and brought it to your
1648 attention and you said you would address it, and then we are
1649 back here now saying well, that really didn't violate, we
1650 have an interpretation and they can continue to go the way
1651 that they were going. And that was frustrating to me because
1652 I thought we were going to be able to address that.

1653 Secretary {Sebelius.} Well, Congressman, I can tell you
1654 that CDC, the Centers for Disease Control and Prevention,
1655 takes their rider that Congress added to the legislation and
1656 the provisions that govern the anti-lobbying seriously. They
1657 have revisited the grantees. They have put out new technical

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1658 assistance. They are proceeding to inform people as the
1659 money goes out the door, there is now language that goes with
1660 every grant that a grantee has to sign which reminds them
1661 about the prohibition to do lobbying at the State, local or
1662 federal level. So we are trying to be very responsive to
1663 both the Congress direction and the original law.

1664 Mr. {Guthrie.} But it is not just--but if you don't
1665 define what they are doing as lobbying, then they can
1666 continue to move forward.

1667 There was one in South Carolina, you said--well, you
1668 didn't say but the letter we got, there was a South Carolina
1669 one that was noted as a violation, and it said they sent
1670 email message and scheduled a press conference for purpose of
1671 getting a city ordinance, but there was one that wasn't. It
1672 was Nevada that said they advocated for the passage of Senate
1673 Bill 27, and so we just want to make sure we know that
1674 lobbying, according to the regulation, is any activity, not
1675 just if it is large scale or heavily funded. That is what
1676 the interpretation of 1989 says. I guess that is what was
1677 disappointed. We thought we were going to get that
1678 addressed, and when the letter that I received back, and I am

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1679 sure you have it, was that that really didn't violate the law
1680 or not.

1681 Secretary {Sebelius.} Well, again, I think CDC takes
1682 those responsibilities seriously and we are trying to make
1683 sure that grantees do too.

1684 Mr. {Guthrie.} And then the letter was about a year
1685 late coming back--not a year late. It was a year later, so
1686 for oversight, it would be better if we could do it more
1687 promptly. I appreciate that very much.

1688 Mr. {Pitts.} The gentleman's time is expired. The
1689 chair recognizes the gentlelady from the Virgin Islands, Dr.
1690 Christensen, 5 minutes for questions.

1691 Dr. {Christensen.} Thank you, Mr. Chairman, and
1692 welcome, Madam Secretary. Let me just say before I ask my
1693 questions, the country is very fortunate to have you as
1694 Secretary at this particular time, not only bringing your
1695 experience as governor but insurance commissioner as we
1696 implement the Affordable Care Act.

1697 I am going to try to ask my questions all at once in the
1698 interest of trying to get through my 5 minutes. We have the
1699 first-ever national strategy to eliminate health disparities,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1700 and we thank you for that, but it relies heavily on the
1701 Offices of Minority Health, both the one in your office and
1702 the other agencies. So what I would like to know is, how
1703 does your budget and how do your plans support strengthening
1704 the Offices of Minority Health and supporting and funding
1705 those in the other agencies.

1706 The second one is on REACH. REACH has been widely
1707 documented as being extremely effective--the Racial and
1708 Ethnic Approaches to Community Health--in eliminating or
1709 reducing health disparities, and I know that the Department
1710 thinks that the community transformation grants and the
1711 community putting prevention to work initiative are good
1712 replacements, or that is what I understand the Department
1713 thinks. But looking at the increasing health disparities in
1714 communities of color, I think that that requires some
1715 specific targeted attention, and so I would like to know what
1716 evidence the Department has that supports that those would be
1717 good programs to replace REACH, which we don't think they
1718 are. There is a non-discrimination provision in the
1719 Affordable Care Act and we would like to know when the
1720 regulations for that will be issued.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1721 Two more, one concerning the Navigator program. Why
1722 does it only reimburse for recruiting for exchanges and not
1723 for enrollment in Medicaid? That is one question on that.
1724 And also, there is a great concern that organizations from
1725 inside the communities that are going to be approached by the
1726 navigators are the ones that would be receiving the grants.
1727 We have experience with the Minority Age Initiative where
1728 organizations from outside communities came in, and they
1729 don't have the trust of the communities so we want to be
1730 assured of that.

1731 And the last one is, how are we doing with the health
1732 care workforce? As a physician, I am particularly interested
1733 in physicians. For example, the Department projects that
1734 urologists would be facing a 32 percent deficiency in the
1735 number of providers needed in 2030.

1736 So that is OMH, REACH, Navigator program, adequacy of
1737 the workforce, and non-discrimination provisions.

1738 Secretary {Sebelius.} Well, Congresswoman, you know
1739 that I share your keen interest in not only documenting
1740 health disparities but closing them. I don't think there is
1741 any question that the full implementation of the Affordable

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1742 Care Act with Medicaid expansion and affordable health
1743 insurance is probably the single biggest step we can take to
1744 addressing health disparities and so we are eager to work
1745 with you on that full implementation. I know that there is
1746 question about resource allocation to REACH and to other
1747 programs. We have targeted the community transformation
1748 projects in areas where there are large numbers of health
1749 disparities as part of the criteria for doing this and
1750 actually in a better budget time I think we would fund
1751 everything but we had to pick and choose and make some
1752 decisions going forward. But again, I think the combination
1753 of the implementation and the specific community projects
1754 aimed at communities of color and the National HIV/AIDS
1755 Strategy which, again, is targeting for the first time
1756 resources to those most in need have great potential for
1757 moving forward. Health homes around chronic conditions is
1758 another area, I think, that isn't look at as health
1759 disparities but will actually impact communities of color
1760 significantly.

1761 We share your concern about navigators coming from the
1762 community, being of the community, and that will be part of

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1763 the criteria looked at as those funding proposals come in,
1764 and you will see in the 2014 budget request for resources,
1765 particularly in HRSA but also now with the mental health
1766 professionals to not only enhance workforce nurse
1767 practitioners, physicians assistants, more National Health
1768 Service Corps folks but also 5,000 mental health workers,
1769 which are part of the President's Now is the Time agenda, so
1770 we are keeping a keen eye on workforce issues.

1771 Mr. {Pitts.} The chair thanks the gentlelady and now
1772 recognize the gentleman from Virginia, Mr. Griffith, 5
1773 minutes for questions.

1774 Mr. {Griffith.} Thank you, Mr. Chairman. Thank you,
1775 Madam Secretary, for being here.

1776 In an address to the Democratic National Committee in
1777 September 2012, you stated first if you already have
1778 insurance you like, you can keep it. Madam Secretary, I hear
1779 from constituents every week lamenting the fact that they
1780 have lost or at risk of losing their employer health
1781 insurance plan that they like because of Obamacare, and here
1782 is the dilemma that many business folks are being put into. A
1783 constituent of mine called me and sat down with his

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1784 accountants and his experts and his medical people, and what
1785 they said to him was, you have three choices. The business
1786 that you have owned for 33 years that you started out with
1787 small and started growing and growing, you have 59 employees,
1788 so here are your choices. You pay the \$43,000 fine, you
1789 close down the third shift that is the least profitable of
1790 your three shifts, just give rid of that and then you don't
1791 have to do anything, or you pay even more than the \$43,000 to
1792 insure all of your employees. Now, most of his employees are
1793 already covered or a large number of his employees he already
1794 pays for them, and he pays for them in full, and he is
1795 struggling with these dilemmas, knowing that some of his
1796 people won't be able to afford the insurance that he is
1797 already paying for if he drops it completely, and he has not
1798 made a decision, but that is the dilemma that businessmen and
1799 women across the United States are having to go through.

1800 And again at the DNC you said but for us Democrats,
1801 Obamacare is a badge of honor because no matter who you are,
1802 what stage of life you are in, this law is a good thing. And
1803 I have to ask you, can you really believe that to the 7,000
1804 employees who are part-time employees for the Commonwealth of

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1805 Virginia who are facing a cutback in the number of hours
1806 because the Commonwealth has decided based on trying to make
1807 sure that they keep their costs in control that they are not
1808 going to allow the part-time employees to have more than 29
1809 hours, do you really believe that to those people it is a
1810 badge of honor or that Obamacare is a good thing? Because
1811 now their hours are going to be cut. Yes or no.

1812 Secretary {Sebelius.} Well, sir, I don't like anybody's
1813 hours to be cut. We need to actually make sure that people
1814 get paid and work to take care of their families--

1815 Mr. {Griffith.} But you do understand--

1816 Secretary {Sebelius.} --but health costs are part of
1817 that overall--

1818 Mr. {Griffith.} I have to move on because I only have a
1819 limited amount of time, but the examples go on. In my
1820 district, we have a county, Wythe County, Virginia. They
1821 hire retired law enforcement folks to work court security as
1822 court security employees. Now, many of these people already
1823 have insurance. They are usually retired, or a lot of them
1824 are. They have insurance or they have Medicare. Now the
1825 county is going to have to cut back their hours because they

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1826 don't want to have to pick up insurance for people who
1827 already have insurance, and so they are going to have to cut
1828 back their hours, and for many of that folks, that translates
1829 into a 30 percent pay cut for their retirees. I don't
1830 believe that is a good thing, and I will take your previous
1831 answer as the answer to that question as well, that you hate
1832 to see that happen but sometimes things happen.

1833 And do you really believe that the 30-year-old--
1834 Secretary {Sebelius.} Sir, I didn't answer any question
1835 that way.

1836 Mr. {Griffith.} --whose premiums will skyrocket next
1837 year, do you think he thinks that Obamacare is a good thing?
1838 And how about my 82--I have to keep going because my time is
1839 running out. How about my 82-year-old mother enrolled in a
1840 Medicare Advantage program, which is a highly popular
1841 program, which has been cut to pay for the ACA, can you
1842 really believe--deep down in your heart, can you really
1843 believe that she thinks Obamacare is a good thing?

1844 Secretary {Sebelius.} The good news, your mother is
1845 paying less now than she did. I don't know about your
1846 mother's plan but Medicare Advantage plans are down 10

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1847 percent, enrollment is up almost 20 percent, so your mother
1848 actually is in better shape than she was before the
1849 Affordable Care Act.

1850 Mr. {Griffith.} Well, and she also got a lot of her
1851 stuff done. When she saw this coming down the pike, she said
1852 anything that I know is wrong with me now, I am getting it
1853 fixed. And how about Susan Zurface, the 42-year-old single
1854 mother who was recently diagnosed with leukemia and turned
1855 away from enrollment in the High Risk Pool program because
1856 the ACA established fund was depleted? I can't believe that
1857 she thinks that Obamacare is a good thing.

1858 Secretary {Sebelius.} If repeal had gone forward, there
1859 would be no preexisting plan whatsoever.

1860 Mr. {Griffith.} And what I would have to say, Madam
1861 Secretary, is that for so many of these folks who are facing
1862 uncertainty as to what is going to happen, who may not be
1863 able to pay, the employers who like to pay for their long-
1864 term employees who may not be able to afford to do that.
1865 They don't think Obamacare is a good thing. They don't see
1866 it as a badge of honor. I have to tell you, Madam Secretary,
1867 and I know we disagree on this, but when I talk to my

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1868 constituents, it appears to me that thinking that Obamacare
1869 is a good thing and is a badge of honor is just wrong
1870 thinking, and in fact, I believe it is going to make a
1871 majority of Americans losers in the health care arena.

1872 Mr. Chairman, I thank you so much for the opportunity
1873 and I yield back.

1874 Mr. {Pitts.} The chair thanks the gentleman and now
1875 recognizes the gentlelady from Florida, Ms. Castor, 5 minutes
1876 for questions.

1877 Ms. {Castor.} Thank you, Mr. Chairman, and welcome. I
1878 want to thank you, Secretary Sebelius, and the President and
1879 your team here because what this budget does, it stays true
1880 to American families, especially our parents and grandparents
1881 that stay on Medicare. This is very interesting what my
1882 colleague has raised because what we know about the
1883 Republican budget that was passed is their plan for Medicare
1884 is to turn it into a voucher. That doesn't save anybody
1885 money. It simply shifts costs to the beneficiary, probably
1886 including the family members of my colleagues, and what it
1887 will do over time is really force Medicare to wither on the
1888 vine. Meanwhile, the contrast here with President Obama's

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1889 budget is it again strengthens Medicare, lengthens the life
1890 of the Medicare trust fund and does so in a smart way. It is
1891 something that we have all discussed, and that is, by moving
1892 from a fee-for-service system that has proven wasteful to a
1893 new value-based system. Did you all know that 10 percent of
1894 Medicare beneficiaries now are involved in these value-based
1895 coordinated-care models that are saving significant money?
1896 These are many times voluntary efforts by doctors and
1897 hospitals and health systems that have realized now that the
1898 way we deliver health care in America has to change. So that
1899 is the good news out of this budget. Sure, you can pick
1900 certain circumstances and with the implementation of the ACA
1901 there are a lot of challenges ahead, but we would do better
1902 by working together to make it happen for our families, to
1903 lengthen the life of the Medicare trust fund, not turn into a
1904 voucher. That is the Republican vision. And we haven't even
1905 started on Medicaid because under the Republican budget for
1906 Medicaid, they in essence break the promise to our older
1907 neighbors and our parents and grandparents. What Medicaid
1908 means to me, I think of my neighbors down the street that are
1909 able to stay out of a nursing home because Medicaid has been

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1910 there for them or at the end of their life they had to rely
1911 on skilled nursing, they could go there. But under the
1912 Republican budget, in contrast to this one before us, the
1913 Republicans in essence take that safety net away entirely. I
1914 mean, have you looked at the numbers of the Republican budget
1915 cuts when it comes to Medicaid? So I am sorry, I sat through
1916 budget hearings a few weeks ago and it is very apparent to
1917 me, so I am sorry, Madam Secretary to take up time that I
1918 wanted to ask questions on that. But there is a very
1919 important contrast in the visions for this country for our
1920 older neighbors, and if it is not apparent after looking at
1921 these budgets, then you all really need to do some studying.

1922 Madam Secretary, I want to change the subject a little
1923 because another piece of good news in this budget is a new
1924 innovative proposal that I think holds great promise for this
1925 country, and that is the new innovative plan for brain
1926 research, the collaboration with our academic institutions,
1927 the NIH, the private sector on brain research. This is an
1928 ambitious project that is necessary and important to develop
1929 the tools now as we confront greater diagnosis of
1930 Alzheimer's, mental illness and others. Could you give us an

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1931 outline of how this collaborative effort will work and your
1932 vision for the coming years here?

1933 Secretary {Sebelius.} Well, Congresswoman, I share your
1934 enthusiasm for this new frontier, and Dr. Collins, who is the
1935 head of the National Institutes of Health, has
1936 enthusiastically put together this plan with colleagues in
1937 the academic sector and the private sector, feeling that it
1938 is very much like the Human Genome Project, that we need to
1939 map the brain, we need to understand what is happening and
1940 what is not happening, and that will lead a much faster
1941 pathway to cures and identification of how to deal with
1942 everything from Alzheimer's to autism and, as you say, very
1943 parts of mental illness. So there are certainly some federal
1944 government new resources. There are also private partners in
1945 foundations stepping up, academic researchers, and we put
1946 together what Dr. Collins describes as sort of the dream
1947 team, some of the foremost authorities at universities across
1948 this country who are going to be leading this initiative and
1949 effort. Also, our colleagues at the Department of Defense
1950 are very much involved because brain injury is one of the
1951 most significant impacts from the wars in Afghanistan and

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1952 Iraq. Returning warriors are often suffering everything from
1953 post-traumatic stress syndrome to issues around the brain, so
1954 understanding what is going on and having ways to effectively
1955 deal with that, I think, help our entire country.

1956 Mr. {Pitts.} Okay. The gentlelady's time is expired.
1957 I now recognize the gentleman from Maryland, Mr. Bilirakis--
1958 or Florida. Mr. Bilirakis for 5 minutes.

1959 Mr. {Bilirakis.} Thank you very much. I appreciate it.
1960 Thank you, Madam Secretary, for being here. Thank you, Mr.
1961 Chairman.

1962 Madam Secretary, I am receiving calls, an increasing
1963 amount of calls and correspondence from my constituents who
1964 are concerned about what to expect come 2014 with regard to
1965 the ACA. Many are certain that the law means higher costs,
1966 increased taxes and less jobs. As a matter of fact, I have a
1967 tweet here from @TheKipWilson. She wants to know why middle-
1968 class workers are going to be subject to increased premiums
1969 and more taxes under Obamacare. I keep hearing that.

1970 Yesterday in your testimony before the Senate Finance
1971 Committee, your responses left one of the law's leading
1972 architects to conclude that the implementation of this law

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1973 might be ``a train wreck.'' I must tell you, that leaves me,
1974 my constituents and the American taxpayers with even less
1975 confidence that we had before the law was passed. I guess it
1976 is beginning, you are going to launch it October 1st.
1977 Secretary Sebelius, I want to give you an opportunity to
1978 respond to the questions yesterday by the Senate colleagues.
1979 With thousands of pages of regulations issued, hundreds of
1980 new Washington acronyms and uncertainty mounting, can the
1981 Department share a written timeline and implementation with
1982 this Committee to the American people so they can better
1983 understand what the Administration's intent is and what they
1984 can expect. If you can elaborate on that, I would appreciate
1985 it.

1986 Secretary {Sebelius.} Yes, sir. What I said yesterday
1987 and here today and will continue to say is, starting October
1988 1st in every State in the country, new marketplaces will be
1989 available for open enrollment. Some of those will be federal
1990 marketplaces but contain private market plans, choices and
1991 competition, and some are going to be run by the States in
1992 advance of that. Hopefully this summer there will be
1993 individuals trained to answer questions and do outreach so

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1994 people can become aware of what is developing and the choices
1995 they can make for themselves and their family. There is an
1996 up-and-running Web site with a very clear timeline,
1997 healthcare.gov, which gives steps along the way. We will
1998 have open enrollment by October 1st where people by Web site
1999 or on paper can pre-enroll in plans that will be up and
2000 running on January 1, 2014, in every State in the country.

2001 Mr. {Bilirakis.} What about again the tweet that I just
2002 received @TheKipWilson? Are we going to be subject to
2003 increased premiums and higher taxes under Obamacare?

2004 Secretary {Sebelius.} Well, the insurers right now,
2005 Congressman, are just beginning to file their planned rates
2006 for the new marketplaces. There is then a negotiation period
2007 either at the State level or with the federal marketplaces
2008 about what those rates are, so I think any description of
2009 what people will be paying I think is just invented at this
2010 point. The rates are not filed, they are not certain, and we
2011 are very confident that not from our standpoint but from the
2012 Congressional Budget Office analysis that the combination of
2013 competition, elimination of a lot of the overhead costs and
2014 subsidies available to a lot of these Americans who for the

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2015 first time will have full insurance coverage, they will be
2016 looking at a much more competitive rate and lower prices than
2017 they are paying right now if they have insurance coverage.

2018 Mr. {Bilirakis.} So you don't anticipate increased
2019 premiums under Obamacare?

2020 Secretary {Sebelius.} I do not anticipate the kind of
2021 rate shock that people are describing, and again, there are
2022 no rates filed so anyone who is giving quotes about what
2023 rates will be paid is just really inventing that.

2024 Mr. {Bilirakis.} Thank you, Madam Secretary. Next
2025 question. According to reports, HHS believes it has the
2026 authority to shift money from certain accounts to fund any
2027 remaining expenses related to implementation of the new
2028 health care law, specifically from any non-reoccurring
2029 expense fund. Yes or no, do you believe you have such
2030 authority to shift funds between HHS accounts to cover
2031 expenses related to implementation of the health care law?
2032 Yes or no, please.

2033 Secretary {Sebelius.} I do have legal transfer
2034 authority that is part of and it is limited. The non-
2035 recurring expense fund is a specific Congress that

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2036 established within the Department of Health and Human
2037 Services that is for one-time IT costs, so those are two
2038 different things.

2039 Mr. {Bilirakis.} Can you please provide a list of the
2040 authorized accounts you believe you have the ability to use
2041 to make such transfers for implementation purposes and
2042 accounting of what funds have been transferred or used for
2043 such purposes and also the legal analysis for such authority?

2044 Secretary {Sebelius.} Yes.

2045 Mr. {Bilirakis.} Thank you very much. I yield back.

2046 Mr. {Pitts.} The gentleman's time has expired.

2047 We are voting on the Floor. We have 8 minutes plus
2048 before the vote ends. I would like to ask the members if
2049 they can be as concise as possible. Everybody can then ask a
2050 question or two. And the gentleman from New York, Mr. Engel,
2051 is recognized.

2052 Mr. {Engel.} Thank you, Mr. Chairman. Madam Secretary,
2053 I have watched you as you have been Secretary. You have done
2054 an outstanding job, and your testimony here today just
2055 continues it, so thank you very much for the job you are
2056 doing.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2057 I am from New York, and many New York hospitals are
2058 working hard to move toward more effective and efficient
2059 systems by participating in ACOs and bundled payment
2060 programs. The reality is, these reforms are going to take
2061 many years to fully implement. In the meantime, I think
2062 there needs to be a recognition that funding streams such as
2063 GME DSH or bad-debt payments are essential for hospitals
2064 investing in delivery system or form. Hospitals need these
2065 various funding streams to treat those who will remain
2066 uninsured even after the ACA and train our next generation of
2067 physicians. Of course, in New York we train a lot of
2068 physicians. So in the face of significant cuts year after
2069 year, it adds another layer of certainty to a rapidly
2070 evolving and challenging health care system for our
2071 hospitals. So Madam Secretary, what is HHS doing to help
2072 ensure our Nation's hospitals have the resources, stability
2073 and flexibility they need for the coverage expansions
2074 included in the ACA as well as move toward providing higher
2075 quality, more coordinated care?

2076 Secretary {Sebelius.} Well, we are working very closely
2077 with hospital leaders across the country who are key health

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2078 care leaders, and I think what is incredibly impressive is
2079 the amount of transformative care underway, trying to get to
2080 a higher quality of care for every patient and deliver it at
2081 an affordable cost. I think it is also very good news that
2082 the President has nominated Marilyn Tavner, who not only was
2083 a practicing nurse but ran hospital systems and is very
2084 closely attuned to the needs and economics of hospital care
2085 moving forward. She has been nominated to be the
2086 Administrator of the Centers for Medicare and Medicaid
2087 Services, and we are hoping that she will be confirmed
2088 shortly.

2089 Mr. {Engel.} Thank you. Let me ask you one other quick
2090 question and I will yield back some of my time, as the
2091 chairman asked. I was very pleased with this
2092 Administration's efforts to develop and implement a national
2093 HIV/AIDS strategy. It is a roadmap to help us reach the
2094 point where new HIV infections are rare, and when they do
2095 occur, every person has access to high-quality treatment. We
2096 have made strides forward, but with approximately 50,000 new
2097 HIV infections each year, we still have a long way to go. As
2098 a member of this committee and as ranking member on the House

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2099 Foreign Affairs Committee, I have had the opportunity to work
2100 on legislation that has made a significant impact in the
2101 fight against HIV and AIDS.

2102 The President's budget recognizes the critical role
2103 played by the Centers for Disease Control in preventing new
2104 HIV infections and monitoring the epidemic and also directs
2105 vital treatment funding provided through the Ryan White
2106 program. So can you share with us how we are moving forward
2107 with the National HIV/AIDS Strategy and how this strategy is
2108 reflected in the President's budget priorities?

2109 Secretary {Sebelius.} I think the President shares your
2110 commitment and concern and also the opportunity to really
2111 look forward to an AIDS-free generation in the future. So we
2112 are doing important research at NIH. We will continue and be
2113 part of the funding that NIH will hopefully receive through
2114 the allocations in the budget with the CDC work not only in
2115 communities throughout the United States but internationally
2116 has been hugely impactful and effective, and I think we
2117 certainly intend to continue that, and we have re-gathered
2118 resources and focused them on communities most at risk where
2119 the infection rate is the highest, where the transmission is

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2120 still underway in an attempt to stop transmission, cut down
2121 on the number of new infections and really focus on
2122 communities that need not only initial testing but connection
2123 to treatment, and the Affordable Care Act again offers a huge
2124 step forward for a lot of patients right now who have been
2125 diagnosed and determined but do not have insurance coverage
2126 to move forward with ongoing treatment.

2127 Mr. {Engel.} Thank you, Mr. Chairman. I yield back.

2128 Mr. {Pitts.} The chair thanks the gentleman and he
2129 yields back 27 seconds. And I might say, I was just notified
2130 that Mr. Griffith's mother just tweeted that her Medicare
2131 Advantage rates were just increased.

2132 Secretary {Sebelius.} I can give her a list of plans
2133 that she can look for an open enrollment that have gone down.

2134 Mr. {Pitts.} The chair recognizes the gentlelady from
2135 North Carolina, Ms. Ellmers.

2136 Mrs. {Ellmers.} Thank you, Mr. Chairman, and Secretary
2137 Sebelius, thank you for being here, and I have a lot of
2138 questions for you so I am going to blow through this as
2139 quickly as possible, so if you can answer with a yes or no,
2140 that would be very, very helpful because I am being

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2141 respectful of my colleagues.

2142 Number one: On April 5, the federal court issued a
2143 ruling requiring that the morning-after pill or Plan B pill
2144 can be available for all people of all ages including young
2145 adolescents. Do you plan to appeal this ruling? Yes or no.

2146 Secretary {Sebelius.} It isn't a yes or no. I have no
2147 jurisdiction over a federal judge.

2148 Mrs. {Ellmers.} Okay. No jurisdiction, so you do not
2149 plan to approach this in any way?

2150 Secretary {Sebelius.} The Justice Department is
2151 currently evaluating an appeal.

2152 Mrs. {Ellmers.} They are evaluating an appeal at this
2153 time, the Justice Department?

2154 Secretary {Sebelius.} Yes. That is not our
2155 jurisdiction.

2156 Mrs. {Ellmers.} Okay. Thank you. I would like to move
2157 on. You know, there again--

2158 Secretary {Sebelius.} I would like answer your
2159 question.

2160 Ms. {Ellmers.} No, I appreciate that, but I only have
2161 so many minutes. Now, there again, reaching out, the idea of

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2162 the ACA, I have a constituent back home who just contacted my
2163 office 2 days ago. He has 200 employees. He cannot afford
2164 to provide health care for them at this time. He knows that
2165 he is going to be hit with a \$2,000-per-person penalty. He
2166 basically is saying look, 80 percent of my employees are
2167 minority, I will have to lay off 60 employees just to be able
2168 to deal with the penalty itself. In doing some research,
2169 doing some homework here, 61 percent increase in insurance
2170 rates in North Carolina, 61 percent. According to the Kaiser
2171 Family Foundation, for a family, \$5,600 for an insurance plan
2172 with a 20 percent increase as a result of the ACA. My staff
2173 has done some research as well. For a plan for a family of
2174 four, the cost would be \$271 per month with a \$25,000
2175 deductible. That is unbelievable.

2176 My question to you, ma'am, because you have talked about
2177 this ACA creating a thriving middle class, helping create
2178 jobs, does this what I just laid out to you create a thriving
2179 middle class? Yes or no.

2180 Secretary {Sebelius.} There are no rates filed in the
2181 new marketplaces so I have no idea what you are quoting.

2182 Mrs. {Elmers.} As it is right now, so what you are

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2183 saying is that the cost--

2184 Secretary {Sebelius.} There is no implementation.

2185 Mrs. {Ellmers.} --of insurance would drop that

2186 drastically for a family?

2187 Secretary {Sebelius.} Ma'am, all I am telling you is, I

2188 have no idea what rates you are quoting but that is not an

2189 effect of the Affordable Care Act.

2190 Mrs. {Ellmers.} The Kaiser Family Foundation.

2191 Secretary {Sebelius.} They may be quoting what is

2192 happening right now in the marketplace--

2193 Mrs. {Ellmers.} Okay. Let us move on. I also had my

2194 staff reach out to the, as you stated it, a one-stop shop Web

2195 site. Basically incredibly non-user-friendly, categorizes

2196 Medicaid for the poor, under 26, co-op plans. There is one

2197 standard plan to compare anything to. How can anyone plan

2198 for the future, employees, individuals? How can anyone plan

2199 for the future? I know you keep citing the 2014 date.

2200 However, we live in real time. Americans are scared.

2201 Secretary {Sebelius.} And in real time, insurers are

2202 currently filing rates. Insurers are currently making their

2203 plans to come to the market.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2204 Mrs. {Ellmers.} Okay. Let us move on. I have a minute
2205 and 30 seconds. To the issue of the 2 percent sequester,
2206 there was an OMB memo that went out to federal agencies about
2207 the cut asking that life, safety and health of Americans be
2208 protected. Now, it is my understanding, I believe I heard
2209 you say that CMS has absolutely no ability to act on this, no
2210 ability to address the 2 percent cut. Yes or no.

2211 Secretary {Sebelius.} That is correct.

2212 Mrs. {Ellmers.} As it is right now?

2213 Secretary {Sebelius.} Yes, that is correct.

2214 Mrs. {Ellmers.} Okay. The reason that I am asking is
2215 because right now as you know, there are cancer patients who
2216 are being turned away from community cancer centers who need
2217 their chemotherapy if they have Medicare. Is that correct?
2218 And you did--I did hear your Ways and Means testimony and you
2219 said that right now there are patients who are being turned
2220 away.

2221 Secretary {Sebelius.} Part of the sequester was a 2
2222 percent across-the-board cut for every division of CMS, every
2223 program, every category. That is what was implemented by the
2224 United States Congress.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2225 Mrs. {Ellmers.} Okay. And it affects physicians who
2226 are giving lifesaving treatments to patients, correct?

2227 Because it attacks the Part B. Yes or no.

2228 Secretary {Sebelius.} A 2 percent cut is in effect
2229 because of sequester, yes, ma'am.

2230 Ms. {Ellmers.} Well, I would like you to know that I
2231 have a piece of legislation, H.R. 1416, that addresses this
2232 issue. There are families in crisis right now who have
2233 received an incredible devastating piece of information.
2234 However, I would like to further this by saying that the
2235 President's budget actually increases that formula, decreases
2236 payment in reimbursement to those physicians by another 1
2237 percent. It makes it an ASP plus 3 percent rather than the
2238 4.3 percent. Are you aware of this?

2239 Secretary {Sebelius.} I am aware of it, but the way the
2240 President's budget would be implemented is that there would
2241 be far more flexibility, which we did not have in the
2242 sequester, to actually--

2243 Mrs. {Ellmers.} And by flexibility, are you referring
2244 to the fact that the manufacturers would be required to
2245 provide the rebates as directed by the Secretary? Is that

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2246 the flexibility we are talking about?

2247 Secretary {Sebelius.} No, we are talking about the
2248 ability to administer the administrative costs differently
2249 than the costs of the drug. The important thing is to--

2250 Ms. {Ellmers.} So you have that jurisdiction but you do
2251 not have jurisdiction to--

2252 Secretary {Sebelius.} The way the sequester bill was
2253 written, Congresswoman, we were told to cut across the board
2254 every program, every category 2 percent for Medicare and that
2255 is what we did.

2256 Mrs. {Ellmers.} Even though the OMB directed to protect
2257 life, safety and health?

2258 Secretary {Sebelius.} OMB directives don't overrule
2259 Congress, and you passed a bill that--

2260 Mr. {Pitts.} The gentlelady's time is expired.

2261 Mrs. {Ellmers.} Thank you.

2262 Mr. {Pitts.} I apologize for interrupting. The time
2263 has run out on the Floor. We are going to try to wrap this
2264 up. The chair recognizes the gentleman from Maryland, Mr.
2265 Sarbanes.

2266 Mr. {Sarbanes.} Thank you, Madam Secretary. I think

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2267 you are doing a terrific job. It is a big challenge. We
2268 have run out of time all over the place on the Floor, in this
2269 committee. You have to leave, I know.

2270 We had a hearing the other day with some representatives
2271 from the business community, and what became clear is, until
2272 the issue of whether implementation of the Affordable Care
2273 Act was going to go through was settled by the outcome of the
2274 election, there were, I think, many small businesses around
2275 the country that frankly I can understand this didn't really
2276 take the time to learn the rules and regulations and what was
2277 coming down because they didn't know whether it would be in
2278 place. What is happening, I think, is, as they focus in on
2279 something about which they got a lot of misinformation over
2280 time, they are discovering to their relief that there really
2281 is a lot of support there for small businesses, and many of
2282 us were motivated to support the Affordable Care Act because
2283 of the relief we thought it would bring to small businesses
2284 across the country.

2285 I don't have a question, but I just wanted to make a
2286 suggestion. I think it would be terrific, and I am sure that
2287 the Department is working on this, to sort of put together,

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2288 you know, the 1040EZ version of what benefits are now going
2289 to be available to small businesses out there because they
2290 are primed now to be looking for that information, and I
2291 think we have provided them with accurate information about
2292 these opportunities. It will come as a relief to them, and
2293 they can really kind of invest in the opportunity that it
2294 presents. So I hope the Department is working on something
2295 like that that we can turn around and share with our
2296 constituents and small businesses across the country.

2297 Secretary {Sebelius.} We are working on it. We would
2298 be glad to provide it to you. And we are doing presentations
2299 with the colleagues in the Small Business Administration
2300 across this country. So we are happy to do a number of
2301 things. But you are absolutely right. I think a lot of the
2302 misinformation once it is corrected and people understand
2303 what the rules are and what is going to be available to small
2304 business owners who often are paying 15 to 20 percent more
2305 for insurance right now, they are very pleased about what
2306 opportunities they may have.

2307 Mr. {Pitts.} The chair thanks the gentleman. I have
2308 been notified, the leader is holding the vote for us. We

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2309 will have one follow-up. Dr. Burgess.

2310 Dr. {Burgess.} Thanks for staying with us, Madam

2311 Secretary. Dr. Gingrey brought up the issue of

2312 contingencies. Gary Cohen in addressing the AHIP Foundation

2313 a couple of weeks ago brought up the issue of contingency.

2314 So you indicated this morning in your answer to Dr. Gingrey's

2315 question, there are no contingency plans, and yet there is

2316 discussion that I am aware of, of people talking about

2317 actually narrowing the scope of the ACA. It is called

2318 descoping. So are you in your Department talking about

2319 descoping or narrowing the scope of ACA provisions?

2320 Secretary {Sebelius.} No, sir.

2321 Dr. {Burgess.} Are you talking about work-around plans?

2322 Secretary {Sebelius.} No, we are not. We are moving

2323 ahead. We have the federal hub on track and on time. We are

2324 moving ahead with the marketplaces that we will be

2325 individually responsible for and we are working very closely

2326 with our State partners on their plans and their timetable

2327 for the State-based marketplaces.

2328 Dr. {Burgess.} So the federal hub will be available?

2329 Secretary {Sebelius.} Yes.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2330 Dr. {Burgess.} Unless it is not, and if it is not, you
2331 have no contingency plans.

2332 Secretary {Sebelius.} At this point, our energy and
2333 resources are focused on getting it up and running, and we
2334 are on track and the contracts have been led and we are
2335 monitoring it every step along the way.

2336 Dr. {Burgess.} Let me just say that if the promises
2337 that you will be ready and you are not, I think the United
2338 States Congress, which does hold the ability to fund things
2339 at the federal agencies, would have to look seriously about
2340 putting any other money into that exercise. You have had 3
2341 years and billions of dollars. If you are not ready, I think
2342 the Congress needs to hold your agency accountable.

2343 Secretary {Sebelius.} Well, I appreciate that,
2344 Congressman. I think that the CBO analysis when the bill was
2345 passed was that we would need about \$10 billion in
2346 implementation money. One billion dollars was appropriated.
2347 I can tell you we are on track. We have judiciously used
2348 those resources and we intend to be open for open enrollment
2349 around the country October 1st.

2350 Dr. {Burgess.} Thank you, Mr. Chairman. I will yield

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2351 back.

2352 Mr. {Pitts.} The chair thanks the gentleman, and thank
2353 you, Madam Secretary, for your time.

2354 As we move closer to implementation and enrollment in
2355 the exchanges, could you please agree to come before the
2356 committee again before October 1st?

2357 Secretary {Sebelius.} We will make every effort.

2358 Mr. {Pitts.} Thank you, Madam Secretary. We appreciate
2359 your information, your testimony today.

2360 If members have additional questions, I will ask them to
2361 submit the questions and we will send them to you
2362 immediately. We ask that you please respond promptly to the
2363 questions. Members should submit their questions by the
2364 close of business on Thursday, May 2nd.

2365 Thank you very much, Madam Secretary. You have been
2366 very generous with your time. Without objection, the
2367 subcommittee is adjourned.

2368 [Whereupon, at 12:10 p.m., the Subcommittee was
2369 adjourned.]